Munich RE

MUNICH RE
QUARTERLY REPORT
3/2010

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(Chairman)

Board of Management

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Key figures (IFRS)[1]

Munich Re (Group)		Q1–3 2010	Q1–3 2009	Change	Q3 2010	Q3 2009	Change
				%			%
Gross premiums written	€m	34,060	31,048	9.7	11,447	10,355	10.5
Technical result	€m	1,462	1,870	-21.8	785	852	-7.9
Investment result	€m	7,281	5,792	25.7	2,203	2,237	-1.5
Operating result	€m	3,367	3,321	1.4	1,149	1,212	-5.2
Taxes on income	€m	859	1,014	-15.3	414	446	-7.2
Consolidated result	€m	1,955	1,784	9.6	761	650	17.1
Thereof attributable to minority interests	€m	–	23	-100.0	-3	7	–
Earnings per share	€	10.47	9.02	16.1	4.15	3.29	26.1
Combined ratio							
Reinsurance property-casualty	%	102.1	96.3		93.8	93.1	
Primary insurance property-casualty	%	95.6	94.3		93.6	93.3	
Munich Health	%	99.6	99.3		98.1	100.0	

		30.9.2010	31.12.2009	Change
				%
Investments	€m	194,017	182,175	6.5
Equity	€m	24,136	22,278	8.3
Net technical provisions	€m	171,473	163,934	4.6
Employees		47,187	47,249	-0.1
Share price	€	101.60	108.67	-6.5
Munich Reinsurance Company's market capitalisation[2]	€bn	19.1	21.5	-10.7

1 Previous year's figures adjusted owing to first-time recognition of Munich Health as a separate segment (see "Recognition and measurement") and to IAS 8.
2 This includes own shares earmarked for retirement.

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To our shareholders

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

Dear Shareholders,

The third quarter of the current financial year was relatively unspectacular on the claims side, following a first half-year marked by heavy burdens from natural catastrophes and other major losses. At the same time, we have again succeeded in posting a very good investment result, which is not something that can be taken for granted with the present historically low interest-rate level. So I can report a quarterly result to you with which I am very satisfied. This means our profit target for the year 2010 as a whole is within immediate reach. Indeed, if we are not affected by exceptional burdens in the last few weeks of the year, we will even achieve a result that exceeds our previous profit guidance.

Our strategy geared to sustained value creation is continuing to prove its worth. We have not taken inappropriate risks, either in our underwriting business or in our investments. We have long been using value- and risk-based management in our Group and are thus well prepared for the forthcoming changes in the regulatory and accounting environment.

The harmonisation of supervisory law in Europe is entering the final straight: probably with effect from 1 January 2013, a new EU-wide financial supervisory regime for insurers will enter into force with Solvency II. It will take a holistic approach to companies' risks and evaluate these on a more economic basis. This means Solvency II will, in particular, also consider the market risks of different asset classes, for which it envisages market-consistent valuation in accounting. Capital requirements will be differentiated according to the size, quality and complexity of the risks assumed, rather than according to mere premium or reserve volume. This creates transparency for investors and, above all, more security for clients. Our risk management, in which we have invested a great deal and which we have consistently refined, largely satisfies these new requirements and, as you know, enabled us to come through the crisis relatively unscathed.

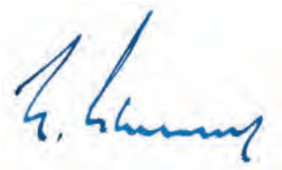
Accounting, too, is to be geared more strongly to economic reality and thus become more transparent. For the first time, International Financial Reporting Standards will contain uniform measurement rules for insurance contracts. In essence, this will entail estimating future cash flows – mainly premium, commission and claims payments – and determining their present value at the balance sheet date. The IASB's current draft takes into account many fundamental concerns and wishes of the insurance industry. Nevertheless, significant issues still need to be resolved. First-time application is not expected before 2014.

In our view, the development of financial supervision and financial reporting is essentially going in the right direction. However, the drafts that have been released so far are still not sufficiently consistent with one another, differing in more points than the respective reporting purposes actually demand. Linked to this is the major risk that reporting and publication requirements will become unnecessarily complex and extensive. In addition, there are still areas which deviate considerably from a fair view of economic reality. The EU's currently ongoing 5th quantitative impact study for Solvency II is designed to test the suitability of the rules in their present form. On the basis of the test results, substantial adjustments are still likely. The important thing is that Solvency II does not lose sight of the real objective so aptly formulated in the EU directive: to create a supervisory regime that adopts a risk-based economic approach.

Despite the difficulties inevitably involved in such far-reaching rule changes, I welcome both initiatives because there is an urgent need for action. The crisis ruthlessly exposed the problem areas in many parts of the financial sector. For the insurance industry, the planned supervisory and accounting systems will reflect the economic situation of individual companies much better, thus leading to more discipline in handling risks.

With Solvency II, we are on the right track, always provided that individual risks are suitably calibrated. If a comparable set of rules had been compulsory for the whole financial sector, the financial crisis might very well not have happened, or at least not to the extent it did. And here I would like to add: good regulation is important, but even more important is company-wide risk management that embraces the spirit of this regulation daily.

Yours sincerely,



Nikolaus von Bomhard
Chairman of Munich Reinsurance
Company's Board of Management

Interim management report

Key parameters

- Global economic recovery continues at modest level
- Stock markets in the USA and Europe with price gains; Nikkei almost unchanged
- Inflation and interest rates still low

The global economy continued to recover in the third quarter of 2010. Development was positive particularly in the emerging economies. Growth rates in many industrial nations, on the other hand, were lower than in the second quarter, mainly due to fiscal policy incentives coming to an end, along with relatively high unemployment. Especially in parts of the eurozone, the much-debated measures to consolidate public finances contributed to the general uncertainty engendered by concerns about growing public debt. Corporate sentiment indicators also presented a mixed picture, with the situation deteriorating slightly from the global point of view. The major central banks maintained their policy of low interest rates, only raising their key rates in isolated cases. Globally, interest rates and inflation remained low.

In the USA, the economy recorded positive real growth for the fifth consecutive quarter. On an annualised basis, real economic growth amounted to 2.0% in the third quarter of 2010 compared with 1.7% in the previous quarter. At 9.6%, the average seasonally adjusted unemployment rate was just below its record level of the fourth quarter of 2009. The inflation rate also fell compared with the previous quarter, the average quarterly figure amounting to 1.1%.

The economy in the eurozone grew slightly in the third quarter of 2010, chiefly because of an upward trend in exports. According to provisional estimates, however, annualised growth weakened compared with the previous quarter. There were marked differences between the member states in terms of private consumption and investment. Nevertheless, confidence indicators for the eurozone as a whole showed another slight improvement. Industrial production in August 2010 exceeded last year's level by 7.9%. The unemployment rate remained stubbornly high and, at 1.7%, the average inflation rate also showed practically no change.

There was a further stabilisation of the economic situation in Japan. Industrial production increased compared with the same period last year, also owing to higher exports. The results of business climate surveys were positive, especially in the manufacturing industry. Consumers, too, were guardedly optimistic.

The Chinese economy achieved solid year-on-year growth of 9.6% in the third quarter of 2010. To prevent the economy from overheating, the government took measures to restrict lending. Although confidence and early indicators both fell slightly, they still offer the prospect of robust growth.

The oil price ranged between US$ 71 and 83 per barrel in the third quarter, standing at US$ 81 by the end of September. There was a further recovery in the euro exchange rate, which closed the quarter at US$ 1.36.

In the USA and Japan, the central banks kept their reference interest rates at 0–0.25% and 0.1% respectively, the levels at which they were set in 2008. The European Central Bank's key interest rate remained at 1.0%, where it has been since May 2009.

At 2.5% and 2.3%, yields on ten-year government bonds in the USA and Germany were lower at the end of September than at the beginning of the quarter.

Stock markets in the USA and Europe developed favourably in the third quarter, albeit failing to regain their annual highs of April. The Dow Jones was up 10.4% over the quarter as a whole, closing at 10,788 points on 30 September. Likewise, the EURO STOXX 50 climbed by 6.8% to 2,748 points at the end of September, while the Nikkei finished on 9,369 points, nearly the same position as at the beginning of the quarter.

Business performance from 1 January to 30 September 2010

Overview

Munich Re's business performance in the first nine months of 2010 was marked by heavy burdens from natural catastrophes and a good result from investments. Gross premium income amounted to €34.1bn (31.0bn), an increase of 9.7%. We posted an operating result of €3,367m (3,321m), while the consolidated result rose by 9.6% compared with the previous year to €1,955m (1,784m). Including the income and expenses recognised directly in equity, there was an improvement of €1.3bn. The investment result increased by 25.7% compared with the first nine months of 2009 and amounted to €7.3bn, benefiting from a higher net balance of write-ups and write-downs and significant gains on disposals. This represents an annualised return of 5.0% on the average investment portfolio at market values. The annualised return on risk-adjusted capital (RORAC) totalled 14.5%, whilst the return on equity (RoE) amounted to 11.2%.

There were some marked falls in the euro exchange rate in the first half of the year, but it recovered some ground again in the third quarter. Fluctuations in exchange rates have an effect on our consolidated financial statements through the translation of foreign currencies into our presentation currency. The profit-neutral translation of our subsidiaries' financial statements into the Group presentation currency – the euro – impacts our reserve for currency translation adjustments and thus the amount of Group equity. Generally speaking, rising exchange rates for foreign currencies increase Group equity, whilst falling exchange rates reduce it. Particularly as a result of the depreciation of the euro against the US dollar (the accounting currency of our major subsidiaries) in the first half of the year, our reserve for currency translation adjustments as at 30 June shows an increase of €1.5bn compared with the beginning of the year. In the third quarter, on the other hand, the reserve reduced again by €1.1bn. For the reporting period as a whole, it rose by €397m.

Reinsurance

- Successful treaty renewals at 1 July 2010 at virtually unchanged terms and conditions; premium income of €17.6bn in the first nine months
- Combined ratio of 102.1% for the period from January to September burdened by expenditure for major losses; 93.8% for the third quarter
- Investment result of €2.9bn for the first nine months and €0.7bn for the third quarter
- Operating result of €2.5bn for the months of January to September and €0.8bn for the third quarter

Key reinsurance figures[1]		Q1–3 2010	Q1–3 2009	Q3 2010	Q3 2009
Gross premiums written	€bn	17.6	16.5	6.1	5.6
Loss ratio property-casualty	%	72.0	67.8	63.9	61.5
Expense ratio property-casualty	%	30.1	28.5	29.9	31.6
Combined ratio property-casualty	%	102.1	96.3	93.8	93.1
Thereof natural catastrophes	Percentage points	10.8	2.6	6.8	0.8
Technical result	€m	1,025	1,256	577	658
Investment result	€m	2,851	2,812	694	850
Operating result	€m	2,512	2,933	815	977
Consolidated result	€m	1,659	1,869	602	560

		30.9.2010	31.12.2009
Investments	€bn	82.3	76.8
Net technical provisions	€bn	55.7	53.4

[1] Previous year's figures adjusted owing to first-time recognition of Munich Health as a separate segment (see "Recognition and measurement") and to IAS 8.

In reinsurance, we posted a consolidated result of €1,659m (1,869m) for the first nine months, of which €602m (560m) was attributable to the third quarter. Given the challenging market and interest-rate environment, business performance was generally satisfying. While major-loss expenditure for the first two quarters was significantly higher than in the same period last year, the burden for July to September was comparatively light. Overall, the major-loss burden for the first three quarters was far above the average claims experience of recent years. We achieved a very good investment result of €2,851m (2,812m) from January to September, an increase of 1.4%, with €694m (850m) in the third quarter. The operating result for the first nine months declined by 14.4% to €2,512m (2,933m) year on year. In the period from July to September, it totalled €815m (977m).

Our premium income rose by 6.6% to €17.6bn (16.5bn) compared with the previous year, improving to €6.1bn (5.6bn) for the months of July to September. Having fallen against most other important currencies in the first half-year, the euro gained considerable ground in the third quarter, especially against the North American currencies. From January to September, the development of the euro had a favourable impact on our premium volume. If exchange rates had remained the same, our premium volume would have increased by 0.4% against the first nine months of last year, and declined by 1.6% compared with the third quarter of 2009.

Gross premiums by division Q1–3 2010

Life	33% (30%)
Global Clients and North America	27% (29%)
Europe and Latin America	15% (16%)
Germany, Asia Pacific and Africa	13% (13%)
Special and Financial Risks	12% (12%)

In the life reinsurance segment, the year-on-year growth of 21.1% to €5.9bn (4.9bn) in gross premiums written in the first nine months of the year was attributable to the conclusion of large-volume treaties providing capital substitute solutions. Adjusted to eliminate the effects of changes in exchange rates, our premium income grew by 10.5% since January and 0.8% since July. The technical result at the end of the third quarter showed a year-on-year improvement of 42.6% to €271m.

In property-casualty reinsurance, premium income rose year on year by 0.6% to €11.71bn (11.65bn) in the period from January to September, increasing by €0.2bn or 5.5% in the third quarter. A positive impact derived from US insurer Hartford Steam Boiler (HSB), which we had acquired with effect from 31 March 2009. Its business, included in the consolidated result since the second quarter of 2009, accounted for premium income of €494m in the period under review. Adjusted to eliminate the effects of changes in exchange rates, premium volume would have declined year on year by 3.7% in the first nine months and 2.8% in the third quarter.

The treaty renewals in property-casualty reinsurance at the turn of the year and in April (around €8.5bn altogether) were followed at the beginning of July by treaty portfolio renewals with a volume of some €1.7bn, representing around 16% of the total treaty business up for renewal in 2010. The renewals mainly involved business in parts of the US market, Australia and Latin America, and the sideways movement of the markets continued. The premium volume and price level in Munich Re's renewed portfolio remained stable overall, with the exception of markets with recent claims experience. In Australia, for instance, we were able to obtain significant price increases, given the accumulation of weather-related losses there in the last few years. As expected, the earthquake in Chile had a positive impact on prices in that country and stabilised terms and conditions in the rest of Latin America, thus enabling us to selectively extend our business in this environment.

The combined ratio totalled 102.1% (96.3%) of net earned premiums for the months of January to September and 93.8% (93.1%) for the third quarter. The overall burden from major losses came to €1,657m (911m) or 15.7 (8.7) percentage points in the first nine months. Man-made loss events accounted for €523m (641m), or 4.9 (6.1) percentage points, with expenditure for natural catastrophes amounting to €1,134m (270m), or 10.8 (2.6) percentage points. In the third quarter, major-loss expenditure was relatively low, totalling €298m (214m). 8.3 (6.0) percentage points of the combined ratio were attributable to major-loss expenditure and 6.8 (0.8) percentage points, or €245m (27m), to natural catastrophes.

Claims costs for natural catastrophes in the first nine months of 2010 were the second-highest in many years – topped only by the figure for 2005, with the severe losses from Hurricane Katrina. The recent series of earthquakes are random phenomena and do not constitute a strengthening geological trend. However, insured values have steadily risen, so that loss exposure has grown markedly over the years. In addition, a number of weather-related losses occurred, some of which were severe. These weather events fit the picture (backed by additional data) of a medium-term change in the general meteorological situation. The ten warmest years since records began 130 years ago have all occurred within the last twelve years, with 2010 expected to be one of the hottest yet. For the coming decades, we are proceeding on the assumption that weather-related catastrophes will continue to accumulate and become even more intensive as a consequence of climate change. With our experience-based scientific risk knowledge, we analyse weather and loss trends and write our business on the basis of risk-adequate prices. After all, an important part of our core business is to help insure and carry natural catastrophe losses.

Three quarters into the year, the average annual loss ratio from natural catastrophes (6.5%) has already been exceeded by approximately eight percentage points of the net earned premiums expected for 2010. At the beginning of September, the severe earthquake in Christchurch, New Zealand's second-largest city, caused a market loss of around NZ$ 4.5bn (according to our own estimates) and cost Munich Re around €230m, making it by far the heaviest loss in the third quarter. The largest loss event since the beginning of the year was the earthquake in Chile on 27 February, triggering market losses of approximately US$ 8bn. We currently estimate our overall expenditure for this earthquake at nearly US$ 1bn after retrocession and before tax, owing to low primary insurer retentions and high insurance density in commercial and industrial business, also involving significant business interruption losses. This figure is equivalent to around seven percentage points of net premiums earned in the first three quarters. In the third quarter, exceptionally heavy monsoon rains caused catastrophic floods affecting millions of people in northwestern Pakistan. Given the limited number of reinsured risks affected, Munich Re anticipates a comparatively small loss burden in the single-digit million euro range.

In the period from January to September, €523m (641m) was paid or reserved for man-made major-loss events, of which €53m (187m) was attributable to the third quarter. The explosion on the Deepwater Horizon oil rig in the Gulf of Mexico on 20 April gave rise to one of the most expensive claims ever in the offshore energy sector. We expect our own burden to remain in the low three-digit million euro range, with the property losses included in that figure from the sinking of the platform amounting to around US$ 80m. More difficult to assess are the expected liability losses, since complex issues regarding the cause of the accident still require clarification.

In line with a US court ruling in August of this year, we were directed to pay for asbestos-related claims incurred in 2002 by US insurer Travelers and filed with a pool of reinsurers. Munich Re's share in these losses amounts to around US$ 350m, including interest accrued. We have lodged an appeal against this ruling and consider our chances of success to be good. Irrespective of the outcome of our appeal, however, we regard the reserving we have made as adequate.

Since the beginning of the year, we have also been affected by a pharmaceutical liability claim and a fire in a storage building for aircraft parts.

Primary insurance

- Overall premium growth of 7.0% to €14.5bn; increase in premium income in Germany and abroad
- Combined ratio of 95.6% for January to September and a good 93.6% for the third quarter
- Investment result of €4.6bn for the first nine months and €1.5bn for the third quarter
- Operating result of €0.9bn for the months of January to September and €0.3bn for the third quarter

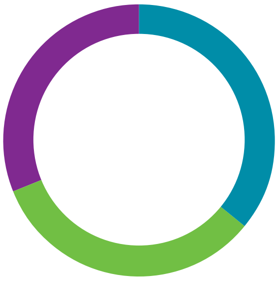
Key primary insurance figures		Q1–3 2010	Q1–3 2009	Q3 2010	Q3 2009
Total premium income	€bn	**14.5**	**13.5**	**4.6**	**4.3**
Gross premiums written	€bn	**13.1**	**12.3**	**4.3**	**3.9**
Loss ratio property-casualty	%	**63.0**	**61.8**	**62.3**	**61.5**
Expense ratio property-casualty	%	**32.6**	**32.5**	**31.3**	**31.8**
Combined ratio property-casualty	%	**95.6**	**94.3**	**93.6**	**93.3**
Technical result	€m	**457**	**637**	**202**	**139**
Investment result	€m	**4,567**	**3,266**	**1,507**	**1,437**
Operating result	€m	**923**	**500**	**296**	**224**
Consolidated result	€m	**432**	**95**	**139**	**94**
Thereof attributable to minority interests	€m	4	17	–2	4

		30.9.2010	31.12.2009
Investments	€bn	**124.1**	**118.4**
Net technical provisions	€bn	**112.5**	**107.7**

Munich Re's primary insurance segment comprises all the activities of the ERGO Insurance Group (ERGO) with the exception of international health insurance business, which is handled by Munich Health.

Gross premiums by class of business Q1–3 2010

Life	36% (36%)
Property-casualty	33% (32%)
Health	31% (32%)



ERGO maintained its upward trend in the quarter ended. The primary insurance consolidated result totalled €432m (95m) for January to September 2010 and €139m (94m) for the third quarter. The very good investment result contributed substantially to the consolidated result, which was 39.8% higher than the previous year's crisis-weakened figure, in particular owing to the year-on-year reduction of €992m in write-downs and losses on disposals. The derivatives used to hedge against prolonged low-interest-rate scenarios had an impact of €92m (–70m) on the result. In international business, the underwriting result was adversely affected not only by difficult conditions in important markets but also by the long, harsh winter and by flood damage, whose effect on claims expenditure in property-casualty business was significant compared with the same period last year. In the first nine months of 2010, we thus posted an operating result of €923m (500m), of which €296m (224m) was attributable to the months of July to September.

Overall premium volume across all lines of business totalled €14.5bn (13.5bn) for the first nine months of the year, a rise of 7.0%, and increased by 5.7% to €4.6bn (4.3bn) for the period since July. Growth was especially prominent in international business where, unlike in the same quarter of the previous year, positive developments in exchange rates made themselves felt in important international markets such as Poland and Turkey. Our gross premiums written amounted to €13.1bn (12.3bn) for the first nine months and €4.3bn (3.9bn) for July to September. In contrast to overall premium volume, gross premiums written do not include the savings premiums from unit-linked life insurance and capitalisation products, which accounted for €1,340m (1,238m) in the first three quarters.

In life insurance, we grew our total premium income by 6.6% to €6.0bn (5.7bn) for the first nine months of 2010 and by 1.6% to €1.9bn (1.8bn) for July to September. In Germany, premium volume increased by 6.0% to €4.5bn (4.2bn) for the first three quarters. German new business rose to €1.5bn in the period from January to September, an increase of 28.5% on the same period last year. This is primarily due to the performance of single-premium business, where we recorded double-digit growth rates, especially in traditional annuity business. Given the current economic environment, clients in Germany and abroad are still shying away from concluding long-term contracts with regular premium payments for old-age provision. In terms of annual premium equivalent (APE[1]) – the customary international performance measure – our new German business volume totalled €345m (322m) and was thus up by 7.2% compared with the same period last year. In international business, premium income climbed by 8.4% to €1.5bn (1.4bn) from January to September, and we achieved growth of 205.3% and 33.0% in Poland and Belgium respectively. The gratifying increase in Poland is mainly attributable to our bank cooperation agreements.

In the health insurance segment, premium income since the beginning of the year rose by 6.1% to €4.2bn (3.9bn), of which €1.4bn (1.3bn) was generated in the period July to September 2010. Business with supplementary benefit covers grew by 5.4%, while premium income in comprehensive health insurance expanded significantly by 6.9%, reflecting the marked price increases we were obliged to make at the beginning of 2010 owing to a general rise in medical costs. Premium growth was also driven by the conclusion of a major contract. New business expanded considerably – by 25.9% to €245m (195m) – due to the conclusion of the aforementioned major contract in comprehensive health insurance and growth in supplementary health insurance triggered by the introduction of new products. In travel insurance, which is disclosed in the health segment, we registered a rise in premium volume of 10.4% in the period from January to September 2010. After a difficult 2009, we see this as a sign that the travel sector has recovered.

Premium volume in the property-casualty insurance segment totalled €4.3bn (4.0bn) in the period from January to September 2010 and €1.3bn (1.2bn) in the third quarter. The growth of 8.4% since the beginning of the year largely derives from international business. In Greece, our premium income rose by 47.6% year on year in the first nine months of 2010, thanks to our exclusive partnership with Piraeus Bank. There was also premium expansion in Poland (+24.3%) and South Korea (+41.8%), reflecting favourable trends in exchange rates and organic growth. In German business, our premium

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

income increased by 2.0% to €2.54bn (2.49bn) over the same nine-month period, totalling €714m (704m) for the third quarter. This development was largely driven by commercial and industrial business, where we posted 2.0% growth in premium to €634m (621m). At €539m, premium income in motor insurance at the end of September was slightly higher than last year's level (+0.3%). Our business with personal accident policies showed a rise of 1.0%, while other personal lines business remained essentially stable.

At 95.6%, the combined ratio for the period from January to September 2010 was good, albeit higher than in the same period last year (94.3%). Besides market-wide problems in major international markets such as Turkey, Poland and South Korea, natural hazard events such as the long, harsh winter and flood losses, which especially affected international business, were responsible for higher property-casualty claims expenditure. The loss ratio for international business rose to 70.5% (67.2%) for the first nine months of 2010, while for German business it was 58.3%, even lower than the very good level achieved in the previous year (58.7%). Taken in isolation, the combined ratio for the third quarter of 2010 was 93.6% (93.3%) overall.

Munich Health

- Marked increase in premium volume by 32% to €3.8bn from January to September
- Combined ratio of 99.6% for the first three quarters and 98.1% for the third quarter
- Investment result of €122m for the first nine months and €33m for July to September
- Operating result of €114m for the months of January to September and €54m for the third quarter

Key Munich Health figures		Q1–3 2010	Q1–3 2009	Q3 2010	Q3 2009
Gross premiums written	€bn	3.8	2.9	1.3	1.1
Loss ratio[1]	%	79.3	80.9	77.8	80.2
Expense ratio[1]	%	20.3	18.4	20.3	19.8
Combined ratio[1]	%	99.6	99.3	98.1	100.0
Technical result	€m	57	41	40	10
Investment result	€m	122	108	33	45
Operating result	€m	114	89	54	33
Consolidated result	€m	57	–1	41	7

		30.9.2010	31.12.2009
Investments	€bn	4.1	3.1
Net technical provisions	€bn	3.3	2.9

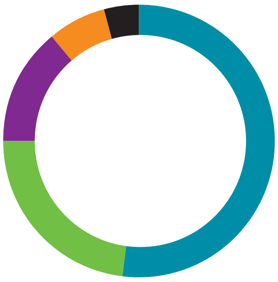
[1] Excluding health insurance conducted like life insurance.

Munich Health covers our health reinsurance business worldwide and our health primary insurance outside Germany. The cornerstones of Munich Health are the international subsidiaries of our health primary insurer DKV, the specialised US health insurer Sterling Life Insurance, Munich Re's worldwide health reinsurance business, and the service companies of the MedNet group.

Its consolidated result totalled €57m (–1m) for the period from January to September and €41m (7m) for the third quarter. The investment result improved by 13.0% to €122m (108m) for the first nine months of 2010 and amounted to €33m (45m) for July to September. The operating result increased to €114m (89m) for the first nine months, with €54m (33m) attributable to the third quarter.

Gross premiums by market region Q1–3 2010

North America (NA)	52% (51%)
Northern/Eastern/ Central Europe (NECE)	23% (25%)
Southern Europe/ Latin America (SELA)	14% (15%)
Asia/Pacific (APAC)	7% (3%)
Middle East/ Africa (MEA)	4% (6%)



Gross premiums written improved appreciably year on year by 32.0% to €3.8bn (2.9bn) in the first nine months, rising by 18.2% to €1.3bn (1.1bn) in the third quarter. If exchange rates had remained the same, premium volume for the first nine months would have risen by 22.7% year on year.

International health primary insurance business showed an increase of 7.2% to €1,434m (1,338m) in the first nine months, with especially pronounced premium growth in the United Kingdom, Spain and Belgium. In the third quarter of the year, premium income was up 8.7% to €469m (431m). Sterling Life's premium volume dropped again in the third quarter, given the more stringent US regulatory framework for the senior segment on which it focuses. Premium income came under pressure from national sales restrictions. However, the decrease in premium was more than compensated for by an improved combined ratio.

The growth in reinsurance premium income by 53.3% to €2,402m (1,567m) in the months of January to September and 24.3% to €812m (653m) in the third quarter is essentially due to new, large-volume quota share treaties providing capital relief to our clients in North America and Asia.

The combined ratio was 99.6% (99.3%) for the period January to September 2010 and 98.1% (100.0%) for the third quarter. This key indicator relates only to short-term health business, not to business conducted like life insurance (for instance, in Belgium and Luxembourg). The latter type of business accounted for 12.5% (15.7%) of gross premiums written in the period under review and 11.9% (13.5%) in the third quarter. The relatively high combined ratio is partly due to the start-up costs for our subsidiaries DKV Salute, Italy, DKV Globality, Luxembourg, and Marina Salud, Spain. It was also influenced by a high claims burden from individual reinsurance accounts in Asia, the Middle East and Italy. The combined ratio was up significantly in the national markets impacted by the recession, particularly Spain.

Investment performance

- Fixed-interest securities and loans remain a dominating factor at around 85%
- Prudent duration lengthening and balanced fixed-interest portfolio produce gains in market value
- Gratifying return on investment of 5.0%, and 4.4% in the third quarter

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, thus determine the investments selected.

Investment mix[1]	Reinsurance				Primary insurance	
€m	Life		Property-casualty		Life	
	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009
Land and buildings, including buildings on third-party land	263	211	1,161	1,095	1,734	1,775
Investments in affiliated companies	15	12	65	61	17	7
Investments in associates	54	43	277	256	197	190
Loans	47	61	189	283	30,844	29,852
Other securities held to maturity	–	–	–	–	54	83
Other securities available for sale						
Fixed-interest	11,765	10,461	45,523	44,711	37,297	36,456
Non-fixed-interest	938	359	4,258	1,832	1,649	1,913
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	–	–	461	546	56	50
Non-fixed-interest	–	–	24	20	3	4
Derivatives	366	87	440	185	777	284
Designated as at fair value through profit or loss						
Fixed-interest	–	–	–	–	265	372
Non-fixed-interest	–	–	–	–	14	20
Deposits retained on assumed reinsurance	5,033	5,171	1,437	1,347	138	118
Other investments	247	141	677	882	1,298	633
Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–	4,706	4,024
Total	**18,728**	**16,546**	**54,512**	**51,218**	**79,049**	**75,781**

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

The performances of the most important share price indices varied considerably in the first nine months: the DAX, for example, recorded an increase of around 5% since January, whereas the EURO STOXX 50 lost around 7% over the same period. Similar developments were observable in the bond markets. While yields on German government bonds fell further in the third quarter, risk spreads on government bonds of peripheral eurozone countries rose strongly.

				Munich Health		Asset management		Total	
Health		Property-casualty							
30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009
626	635	333	309	17	15	49	46	4,183	4,086
23	19	70	67	1	2	8	10	199	178
111	106	149	141	46	32	61	55	895	823
15,173	14,225	2,403	2,184	24	17	–	–	48,680	46,622
–	–	–	1	–	–	–	–	54	84
11,785	11,099	5,316	5,063	2,480	1,692	93	84	114,259	109,566
621	978	829	807	126	129	16	21	8,437	6,039
–	–	–	–	1	4	–	–	518	600
–	1	–	–	–	–	–	–	27	25
95	32	23	5	23	3	–	–	1,724	596
–	–	–	–	–	–	–	–	265	372
–	–	–	–	–	–	–	–	14	20
1	1	3	3	196	158	–	–	6,808	6,798
218	68	282	341	121	10	402	265	3,245	2,340
2	1	–	–	1	1	–	–	4,709	4,026
28,655	**27,165**	**9,408**	**8,921**	**3,036**	**2,063**	**629**	**481**	**194,017**	**182,175**

For various reasons, the carrying amount of our investments showed an increase of €11.8bn or 6.5% since the beginning of the year. Firstly, when translated into euros, the market values of our investments held in foreign currencies increased significantly due to the fall in the euro exchange rate since the beginning of the year (despite a marked recovery in the third quarter). Secondly, there was a rise of €2.1bn to €5.8bn in our total valuation reserves (excluding owner-occupied property), which are partly recognised in the balance sheet. Given a decline in risk-free interest rates, we also benefited in the third quarter from adherence to our policy of lengthening the duration of our investments.

At the end of the quarter, our investment portfolio continued to be dominated by fixed-interest securities, loans and short-term fixed-interest investments. Of these, over 46% are government bonds or instruments for which public institutions are liable. A further 29% are other securities and debt instruments with top-quality collateralisation, of which around 44% are German pfandbriefs.

Other securities available for sale	Carrying amounts		Unrealised gains/losses		At amortised cost	
€m	30.9.2010	31.12.2009	30.9.2010	31.12.2009	30.9.2010	31.12.2009
Fixed-interest securities	**114,259**	**109,566**	**6,241**	**3,342**	**108,018**	**106,224**
Non-fixed-interest securities						
Equities	5,968	3,471	1,235	1,253	4,733	2,218
Investment funds	1,666	1,835	117	130	1,549	1,705
Other	803	733	24	25	779	708
	8,437	**6,039**	**1,376**	**1,408**	**7,061**	**4,631**
Total	**122,696**	**115,605**	**7,617**	**4,750**	**115,079**	**110,855**

Valuation reserves not recognised in the balance sheet	Valuation reserves	Fair value	Carrying amount	Valuation reserves	Fair value	Carrying amount
€m	30.9.2010	30.9.2010	30.9.2010	31.12.2009	31.12.2009	31.12.2009
Land and buildings[1]	1,714	8,392	6,678	1,722	8,280	6,558
Associates	292	1,165	873	186	982	796
Loans	4,418	53,098	48,680	1,287	47,909	46,622
Other securities	1	55	54	2	86	84
Total	**6,425**	**62,710**	**56,285**	**3,197**	**57,257**	**54,060**

[1] Including owner-occupied property.

Especially in the first quarter, we switched from corporate bonds into equities, at the same time extending our hedging against falling share prices. At the reporting date, corporate bonds made up 9% of our fixed-interest portfolio. Our portfolio of structured interest-bearing products, which are held chiefly by our reinsurance companies, expanded somewhat due to exchange- and interest-rate developments, increasing by €0.3bn to €5.6bn (5.3bn). Around 81% of these securities have an AAA rating.

We hold inflation-indexed bonds with a volume of approximately €7.9bn (7.8bn). These offer a certain degree of protection against the risks of future inflation and a rise in interest rates.

Investments in real assets such as equities and real estate also diversify our portfolio and increase the level of protection against the inflation risk. In the period under review, we cautiously reallocated investments to equities, increasing our equity portfolio (including investments in affiliated companies and associates) to €7.8bn (5.2bn). At the reporting date, our economic equity exposure after hedging was 2.6% (2.8%).

Investment result	Q1–3 2010	Q1–3 2009	Change	Q3 2010	Q3 2009	Change
	€m	€m	%	€m	€m	%
Regular income	5,844	5,704	2.5	1,926	1,928	–0.1
Write-ups/write-downs	290	–838	–	–14	–171	91.8
Net realised capital gains	1,409	1,069	31.8	362	430	–15.8
Other income/expenses	–262	–143	–83.2	–71	50	–
Total	**7,281**	**5,792**	**25.7**	**2,203**	**2,237**	**–1.5**

Investment result by type of investment	Q1–3 2010	Q1–3 2009	Change	Q3 2010	Q3 2009	Change
	€m	€m	%	€m	€m	%
Real estate	254	200	27.0	97	40	142.5
Investments in affiliated companies	29	–11	–	–15	–1	<–1,000.0
Investments in associates	58	–54	–	25	–25	–
Mortgage loans and other loans	1,636	1,478	10.7	541	526	2.9
Other securities	5,283	4,042	30.7	1,529	1,518	0.7
Deposits retained on assumed reinsurance, other investments	158	107	47.7	52	65	–20.0
Investments for the benefit of life insurance policyholders who bear the investment risk	178	352	–49.4	87	223	–61.0
Expenses for the management of investments, other expenses	315	322	–2.2	113	109	3.7
Total	**7,281**	**5,792**	**25.7**	**2,203**	**2,237**	**–1.5**

Regular investment income rose, due especially to our larger portfolio of fixed-interest securities and loans and our cautious resumption of investments in credit-exposed securities. In addition, there was a rise in income from associates.

In the period under review, the net balance of write-ups and write-downs of our investments was €290m (–838m). We posted net write-ups of €440m (–344m) mainly on our swaptions, due to falling interest rates in the second and third quarter. Swaptions are used by our life primary insurers as protection against reinvestment risks in low-interest-rate phases. Particularly owing to the volatile stock markets, we had to make write-downs of €153m (313m) on our non-fixed-interest securities, €80m (21m) in the third quarter.

For our investment portfolio as a whole, we again posted good net realised gains on disposal of €1,409m (1,069m) in the period under review, of which €362m (430m) was achieved in the third quarter. From January to September, €912m (562m) derived from the disposal of fixed-interest securities available for sale, e.g. corporate bonds acquired in the previous year which subsequently recorded market-value gains as risk spreads fell. In addition, when switching investments in government bonds, we profited from the interest-rate level remaining low. Altogether, therefore, Munich Re benefited from its conservative yet active asset management.

Beyond this, we realised a gain on disposal of around €90m from the reduction of our stake in Helvetia Holding AG, St. Gall, from approximately 8.2% to under 3% in the second quarter.

In the period under review, we generated €178m (352m) from investments for the benefit of life insurance policyholders who bear the investment risk. We post this in the investment result under "other income/expenses".

Assets under management for third parties			30.9.2010	31.12.2009
Third-party investments		€bn	10.6	7.9
	Q1–3 2010	Q1–3 2009	Q3 2010	Q3 2009
Group asset management result €m	31	25	–	9

MEAG MUNICH ERGO AssetManagement GmbH is the asset manager of Munich Re. In addition to its asset management function for the Group, MEAG also offers its expertise to private and institutional clients. The assets managed by MEAG for clients outside the Group increased to €10.6bn (7.9bn), with the amount managed in private-client business via investment funds totalling €2.0bn (2.0bn).

MEAG's assets under management for institutional clients outside the Group rose by around 45% to €8.6bn (5.9bn), chiefly due to new additions in the third quarter. The consolidated result in asset management improved to €31m (25m). The assets managed by PICC Asset Management Company Ltd. (PAMC), Shanghai, 81% of which belongs to PICC People's Insurance Company of China, and 19% to MEAG, reached €29.5bn (18.8bn).

Prospects

- Challenges for the Group owing to uncertain economic environment, but also opportunities thanks to financial strength and know-how
- Reinsurance continues to offer promise for the future
- ERGO to drive sales with new brand strategy
- Premium income of between €44bn and €46bn expected
- Consolidated result of around €2.4bn expected

There are various reasons why the quarterly results of insurance companies, including Munich Re, are not always a reliable indicator for the results of the entire financial year. Losses from natural catastrophes and other major losses have a disproportionate impact on the result of the reporting period in which they randomly and unforeseeably occur. Late-reported claims for major loss events can also lead to substantial fluctuations in individual quarterly results. Finally, gains and losses on the disposal of investments, dividends, and write-ups or write-downs of investments do not follow a regular pattern.

We gear the selection of our investments, based on economic criteria, to the characteristics of our technical provisions and liabilities, also using derivative financial instruments to hedge against fluctuations on the interest-rate, equity and currency markets. The high volatilities in these markets result in substantial changes in the values of derivatives, which under IFRS accounting we generally recognise in profit or loss, i.e. as income or expense in our income statement. However, such recognition in the income statement is not always provided for with regard to the related underlying transactions themselves. Despite our economically well-balanced underwriting and investment portfolio, this inconsistency gives rise to considerable fluctuations in our investment and consolidated result, making a reliable forecast more difficult. Here we can give only rough indications of its possible impact. In particular, a rising interest-rate level in the remaining months of the current financial year will tend to lead to lower results, and a falling interest rate to higher results, than those forecast in these prospects. A stronger euro will produce gains, while a weaker euro will burden the result. Major share price losses could require write-downs on equities which would only be partially offset by gains on derivatives. Rises in share prices lead to write-downs on derivatives, which would at best be compensated by gains on the sale of equities.

Overview
Seen as a whole, the global economy is continuing to recover, albeit at a reduced pace. The growth rates achieved in the first half of the year are unlikely to be equalled for the time being. The outlook remains uncertain. Persistently high unemployment figures could have a weakening effect on consumption, especially in the USA. Investments could be delayed because of uncertainty. There is lingering doubt as to whether private consumer spending and investment can replace government support measures in the near future. For 2011, we therefore project slower growth than in 2010. Yet despite the uncertain economic situation, there are a wide range of opportunities for us.

Reinsurance
Reinsurance continues to hold considerable promise for the future. By repositioning ourselves in 2009, we responded to shifting demand trends. Even more so than in the past, Munich Re offers its cedants specialist consulting services and solutions, wherever possible via customised reinsurance covers. For new and complex risks, we devise innovative coverage concepts that go beyond traditional reinsurance.

Our innovative strength is evidenced by our newly developed insurance solution for liability risks arising during offshore oil drilling operations. Each oil well will be covered on the international insurance market, i.e. in conjunction with other providers of insurance and reinsurance, by a policy specially developed for the individual risk and up to an amount of US$ 10–20bn. Until now, drilling operations have been insured under the liability policies of the oil companies concerned, subject to maximum limits of US$ 1–1.5bn. We are currently working on the implementation details with leading broker firms.

Life reinsurance offers good growth potential. Stimuli will derive mainly from continuing demand for large-volume capital substitute solutions, the preparation and implementation of the new European supervisory regime (Solvency II), the need for asset protection, and the dynamic expansion of the Asian life insurance markets. Our gross premiums written should reach a volume of around €8bn in 2010, approximately 16% more than last year.

We are adhering to our objective of doubling the value added by new business in life reinsurance in the period 2006 to 2011. Taking Market Consistent Embedded Value (MCEV) Principles as a basis, this means that we are aiming for value added by new business of €330m for 2011. Given the outstanding results of recent years, we are very confident of being able to continue surpassing this goal significantly on a long-term basis. In 2010, the value added by new business is likely to be below the extraordinarily high level of 2009, but clearly above our ambitious medium-term target.

In property-casualty reinsurance, which experience shows is exposed to market cycles, Munich Re will maintain its clear, profit-oriented underwriting policy and accept risks only at commensurate prices, terms and conditions.

For the forthcoming renewals on 1 January 2011, we do not project any significant change in the market situation. The slightly downward trend in prices is set to continue, since sufficient capacity is available in all classes of business and the demand for reinsurance cover is stagnating. Price levels are expected to increase in lines of business that have been affected by high losses in the recent past. Rates are likely to improve significantly, for instance, in the offshore energy sector, in the case of natural catastrophe covers in Chile and Australia, and in credit business. Munich Re anticipates stable prices, terms and conditions for its portfolio. We will continue to practise active cycle management in order to maintain the quality of our portfolio in the current market environment, while remaining true to our principle of "profitability before growth".

In the medium to long term, the demand for effective capital relief via reinsurance will rise on account of ever greater accumulation hazards. We are excellently positioned with our know-how and financial strength to take advantage of these opportunities. In the short term, however, economic uncertainty will have a dampening effect on demand.

In property-casualty reinsurance, we expect gross premiums written to total just over €15bn in 2010. We envisage a combined ratio of around 97% of net earned premiums over the market cycle as a whole. Given normal claims experience from now on, we anticipate a ratio of just under 100%. This is because our long-term target of around 97% is based on an average annual major-loss burden of 6.5% from natural catastrophes, but the first nine months of 2010 were already affected by very severe natural catastrophe losses whose costs of around €1.1bn alone accounted for some eight percentage points for the year as a whole. The cyclone season is still in progress and will last until the end of November. The level of activity so far is high, as predicted. However, as most of the strong cyclones turned away from the Central and North American coastline, we have not yet been affected by any major loss event.

We expect that gross premiums in reinsurance (excluding Munich Health) will range between €23bn and €24bn in 2010, provided that exchange rates remain stable.

Based on the business performance in the first three quarters, we project that we will achieve a consolidated result of nearly €2bn in reinsurance. Especially in view of the inconsistencies in IFRS accounting described on page 21, this forecast is subject to pronounced uncertainty in the case of high volatility in the capital markets and exchange rates.

Primary insurance

In 2009, ERGO decided to gear its brand strategy in Germany even more strongly to the needs of its clients. The new strategy was launched in the first quarter of 2010 when KarstadtQuelle Versicherungen was renamed ERGO Direkt Versicherungen. Important milestones in this context were the mid-year presentation of the ERGO brand following entries in the commercial register and the start of the large-scale advertising campaign on 18 July. Life insurer Hamburg-Mannheimer Versicherungs-AG was renamed ERGO Lebensversicherung AG. Property-casualty insurer Victoria Versicherung AG is now called ERGO Versicherung AG, into which the property-casualty insurers of D.A.S. and Hamburg-Mannheimer have been merged. At the beginning of October, the implementation of the new branding strategy was brought to a formal conclusion with a more focused branding concept for the areas of health and legal protection. ERGO has taken the decision to retain the brands of its specialist insurers D.A.S. (legal protection insurance), DKV (health insurance) and ERV (travel insurance). They are leading players in their fields and have numerous distribution partners in and outside Germany for which the special brands are important.

In life insurance, overall premium income should total slightly more than €8bn and gross premiums written just over €6bn, both figures thus exceeding last year's levels. We are proceeding on the assumption that premium volume in international and German business will be marginally higher than in 2009. In this context, we estimate that a significant increase in single-premium business will lead to growth of approximately 10% in the annual premium equivalent (APE) for German new business – a trend that will be due partly to the performance of capitalisation products and traditional annuity covers.

Low market yields present life insurance companies with considerable challenges because they have to fulfil interest-rate guarantees towards their clients. We began early on to make substantial provision against prolonged phases of low interest rates by purchasing derivative financial instruments ("swaptions") for hedging against the reinvestment risk. This hedging programme is now benefiting policyholders and shareholders alike. Nevertheless, the low-interest-rate environment is having an adverse impact on business dominated by guarantee products, while the sale of unit-linked products is stagnating. The new ERGO brand is designed to strengthen our sales in German life insurance and we expect this, together with the effects of the cost reduction programme, to have a positive impact on results in the medium term.

In the health insurance segment, we anticipate that premium income will climb to just over €5bn. We should be able to achieve premium growth particularly in comprehensive health insurance, where we had to raise prices significantly at the beginning of 2010 owing to the general rise in claims and benefits in healthcare.

In property-casualty insurance, we also anticipate premium growth to slightly over €5bn, largely due to international business. In Germany, we project a moderate increase in premium. The market expects slight growth in premium volume compared with the previous year. Despite the many natural hazard events in and outside Germany in the first nine months, which led to a combined ratio of 95.6%, we think it likely that we will be able to achieve a ratio of around 95% for 2010 as a whole.

Our total premium income in primary insurance (without Munich Health) should reach around €19bn for 2010, thus exceeding last year's figure (€18.1bn). We project that gross premiums written will range between €17bn and €18bn (previous year: €16.6bn).

On the basis of business performance in the first three quarters, we continue to be confident that the ERGO subgroup (including Munich Health primary insurance) is capable of achieving a result in the range of €350–450m (previous year: €173m). For the primary insurance segment, we expect a consolidated result of nearly €800m before consolidation across segments. These forecasts, too, are still subject to some uncertainty in the case of high capital-market volatilities.

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

We are focusing on the sustained profitability of the segment and on business models that are attractive in the long term in the countries in which we operate. To this end, for instance, we will apply the successful business model of our minority interest in Daman to neighbouring regions.

The gross premiums written by Munich Health, comprising the premium for health insurance outside Germany and worldwide health reinsurance business, are likely to total around €5bn in 2010.

We are expecting only a relatively small positive result contribution from this young field of business this year, due to ongoing start-up investments in several units and adverse effects from the recession.

There will be opportunities and risks for our reinsurance business and our health insurance subsidiary Sterling from the US healthcare reform adopted by Congress on 21 March 2010. In this context, we have concluded an agreement to acquire Windsor Health Group, Inc. (Windsor). The planned purchase is a further step towards realising Munich Health's strategy of strengthening our position in the US Medicare market.

Munich Re (Group)
In the European Union, solvency supervision for primary insurers and reinsurers is facing profound changes owing to the planned rules under Solvency II, which are scheduled to enter into force at the beginning of 2013. In its preliminary studies, the European Commission has been examining the impact of Solvency II's quantitative risk capital requirements on the companies concerned. Irrespective of the fine-tuning still to be done, Solvency II will have an impact on insurance supply and demand and will provide new opportunities for Munich Re in both primary insurance and reinsurance.

Comprehensive changes are also envisaged with regard to the accounting of insurance contracts in our consolidated financial statements. In July 2010, the IASB – the London body responsible for International Financial Reporting Standards – published the draft of a standard intended to bring about a consistent international approach in this area. According to the draft, insurance accounting would, like solvency supervision, then follow a more economic view. Even if some of the details of the planned changes are open to criticism, they would be a major step in the right direction.

At constant exchange rates, we expect that the Group's gross premiums written in 2010 will be in the range of €44–46bn (total consolidated premium).

On the basis of the continued high investment result in the third quarter, we are raising the forecast we gave in August of "just over 4%" for the return on investment (RoI) to around 4.5%.

Consequently, and owing to the favourable claims experience in the third quarter, we are also increasing our profit guidance: for 2010, we are aiming for a consolidated result of around €2.4bn, based on essentially unchanged capital markets and exchange rates compared with the end of October and seasonally typical loss experience in the remaining two months of the year.

In view of the inconsistencies in IFRS accounting described on page 21, forecasts for the investment and consolidated result in particular are – despite the proximity to the end of the year – subject to considerable uncertainty in the case of high volatilities in the capital markets and exchange rates.

For 2011, given the essentially stable prices expected in reinsurance and average loss experience again, we expect the underwriting result to be slightly higher than in the current year. However, we do not anticipate any significant rise in capital market interest rates, so regular income from fixed-interest securities and loans is likely to be lower. We intend to increase our still low proportion of investments in equities only slightly, if at all. Altogether, this means that while the risks of write-downs will be comparatively low, we cannot expect such high gains on disposals as in 2010. From today's standpoint, we therefore consider it likely that investment results will be appreciably lower, with a return of below 4% on the portfolio. Our overall result should thus tend to be lower than in years in which we achieved substantial gains on disposal from a large portfolio of equities with a correspondingly high market risk and from fixed-interest securities with extreme fluctuations in interest rates. All in all, then, if other parameters remain unchanged, we expect a good consolidated result for 2011, albeit somewhat below our now greatly increased profit guidance for 2010.

We are currently adhering to our long-term objective of a 15% return on our risk-based capital (RORAC) after tax across the cycle of the insurance and interest-rate markets. Nonetheless, it will be difficult to achieve given the very low level of interest rates prevailing at this time.

Our 2009/2010 share buy-back programme, with a volume of €1bn, was concluded as planned on 21 April 2010. In May 2010, we launched the 2010/11 share buy-back programme. By the next Annual General Meeting on 20 April 2011, we intend to buy back own shares for a maximum total purchase price of €1bn. The full execution of this share buy-back programme remains subject to developments in the capital markets and the general economic environment. By the end of October 2010, we had bought back a total of 4.5 million Munich Re shares with a volume of €475m.

For the financial year 2010 and beyond, our intention is to pay our shareholders an annual dividend depending on the result for the year and our capitalisation, our aim being at least to maintain the level last reached, i.e. €5.75 per share. Two months before the end of the financial year, however, it is 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 2009 apply unchanged.

Interim consolidated financial statements
Consolidated balance sheet as at 30 September 2010[1]

Assets			30.9.2010	31.12.2009		Change
	€m	€m	€m	€m	€m	%
A. Intangible assets						
I. Goodwill		3,442		3,477	-35	-1.0
II. Other intangible assets		1,640		1,718	-78	-4.5
			5,082	**5,195**	**-113**	**-2.2**
B. Investments						
I. Land and buildings, including buildings on third-party land		4,183		4,086	97	2.4
Thereof: Investment property held for sale		–		90	-90	-100.0
II. Investments in affiliated companies and associates		1,094		1,001	93	9.3
III. Loans		48,680		46,622	2,058	4.4
IV. Other securities						
1. Held to maturity	54			84	-30	-35.7
2. Available for sale	122,696			115,605	7,091	6.1
3. At fair value through profit or loss	2,548			1,613	935	58.0
		125,298		117,302	7,996	6.8
V. Deposits retained on assumed reinsurance		6,808		6,798	10	0.1
VI. Other investments		3,245		2,340	905	38.7
			189,308	**178,149**	**11,159**	**6.3**
C. Investments for the benefit of life insurance policyholders who bear the investment risk			**4,709**	**4,026**	**683**	**17.0**
D. Ceded share of technical provisions			**5,681**	**4,983**	**698**	**14.0**
E. Receivables						
I. Current tax receivables		502		700	-198	-28.3
II. Other receivables		10,812		10,070	742	7.4
			11,314	**10,770**	**544**	**5.1**
F. Cash at bank, cheques and cash in hand			**2,891**	**3,082**	**-191**	**-6.2**
G. Deferred acquisition costs						
Gross		9,094		8,604	490	5.7
Ceded share		74		76	-2	-2.6
Net			9,020	8,528	492	5.8
H. Deferred tax assets			**5,498**	**5,025**	**473**	**9.4**
I. Other assets			**3,762**	**3,654**	**108**	**3.0**
Thereof: Owner-occupied property held for sale			–	13	-13	-100.0
Total assets			**237,265**	**223,412**	**13,853**	**6.2**

[1] Previous year's figures adjusted owing to first-time recognition of Munich Health as a separate segment (see "Recognition and measurement") and to IAS 8.

Equity and liabilities	30.9.2010		31.12.2009	Change	
	€m	€m	€m	€m	%
A. Equity					
I. Issued capital and capital reserve	7,388		7,388	–	–
II. Retained earnings	11,066		10,667	399	3.7
III. Other reserves	3,489		1,473	2,016	136.9
IV. Consolidated result attributable to Munich Reinsurance Company equity holders	1,955		2,521	–566	–22.5
V. Minority interests	238		229	9	3.9
		24,136	**22,278**	**1,858**	**8.3**
B. Subordinated liabilities		**4,895**	**4,790**	**105**	**2.2**
C. Gross technical provisions					
I. Unearned premiums	7,925		6,946	979	14.1
II. Provision for future policy benefits	103,495		100,862	2,633	2.6
III. Provision for outstanding claims	49,414		46,846	2,568	5.5
IV. Other technical provisions	11,309		10,146	1,163	11.5
		172,143	**164,800**	**7,343**	**4.5**
D. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders		**5,011**	**4,117**	**894**	**21.7**
E. Other accrued liabilities		**3,238**	**3,206**	**32**	**1.0**
F. Liabilities					
I. Bonds and notes issued	285		276	9	3.3
II. Deposits retained on ceded business	2,741		2,176	565	26.0
III. Current tax liabilities	3,201		3,134	67	2.1
IV. Other liabilities	11,871		10,114	1,757	17.4
		18,098	**15,700**	**2,398**	**15.3**
G. Deferred tax liabilities		**9,744**	**8,521**	**1,223**	**14.4**
Total equity and liabilities		**237,265**	**223,412**	**13,853**	**6.2**

Consolidated income statement for the period 1 January to 30 September 2010[1]

Items			Q1–3 2010	Q1–3 2009		Change
	€m	€m	€m	€m	€m	%
Gross premiums written	**34,060**			**31,048**	**3,012**	**9.7**
1. Earned premiums						
Gross	33,325			30,343	2,982	9.8
Ceded	1,371			1,231	140	11.4
Net		**31,954**		**29,112**	**2,842**	**9.8**
2. Income from technical interest		**5,311**		**4,342**	**969**	**22.3**
3. Expenses for claims and benefits						
Gross	28,635			24,986	3,649	14.6
Ceded share	775			615	160	26.0
Net		**27,860**		**24,371**	**3,489**	**14.3**
4. Operating expenses						
Gross	8,276			7,507	769	10.2
Ceded share	333			294	39	13.3
Net		**7,943**		**7,213**	**730**	**10.1**
5. Technical result (1–4)			**1,462**	**1,870**	**-408**	**-21.8**
6. Investment result						
Investment income	10,594			10,264	330	3.2
Investment expenses	3,313			4,472	-1,159	-25.9
Total		**7,281**		**5,792**	**1,489**	**25.7**
Thereof: Income from associates		58		-54	112	–
7. Other operating income		**528**		**489**	**39**	**8.0**
8. Other operating expenses		**593**		**488**	**105**	**21.5**
9. Deduction of income from technical interest		**-5,311**		**-4,342**	**-969**	**-22.3**
10. Non-technical result (6–9)			**1,905**	**1,451**	**454**	**31.3**
11. Operating result			**3,367**	**3,321**	**46**	**1.4**
12. Other non-operating result			-225	-194	-31	-16.0
13. Impairment losses of goodwill			109	98	11	11.2
14. Finance costs			219	231	-12	-5.2
15. Taxes on income			859	1,014	-155	-15.3
16. Consolidated result			**1,955**	**1,784**	**171**	**9.6**
Thereof: Attributable to Munich Reinsurance Company equity holders			1,955	1,761	194	11.0
Attributable to minority interests			–	23	-23	-100.0
			€	€	€	%
Earnings per share			**10.47**	**9.02**	**1.45**	**16.1**

[1] Previous year's figures adjusted owing to first-time recognition of Munich Health as a separate segment (see "Recognition and measurement") and to IAS 8.

Consolidated income statement for the period 1 July to 30 September 2010

Items			Q3 2010	Q3 2009	Change	
	€m	€m	€m	€m	€m	%
Gross premiums written	**11,447**			**10,355**	**1,092**	**10.5**
1. Earned premiums						
Gross	11,367			10,449	918	8.8
Ceded	491			466	25	5.4
Net		**10,876**		**9,983**	**893**	**8.9**
2. Income from technical interest		**1,823**		**1,858**	**-35**	**-1.9**
3. Expenses for claims and benefits						
Gross	9,517			8,676	841	9.7
Ceded share	209			319	-110	-34.5
Net		**9,308**		**8,357**	**951**	**11.4**
4. Operating expenses						
Gross	2,714			2,763	-49	-1.8
Ceded share	108			131	-23	-17.6
Net		**2,606**		**2,632**	**-26**	**-1.0**
5. Technical result (1–4)			**785**	**852**	**-67**	**-7.9**
6. Investment result						
Investment income	3,364			3,221	143	4.4
Investment expenses	1,161			984	177	18.0
Total		**2,203**		**2,237**	**-34**	**-1.5**
Thereof: Income from associates		25		-25	50	-
7. Other operating income		**181**		**164**	**17**	**10.4**
8. Other operating expenses		**197**		**183**	**14**	**7.7**
9. Deduction of income from technical interest		**-1,823**		**-1,858**	**35**	**1.9**
10. Non-technical result (6–9)			**364**	**360**	**4**	**1.1**
11. Operating result			**1,149**	**1,212**	**-63**	**-5.2**
12. Other non-operating result			**100**	**-43**	**143**	**-**
13. Impairment losses of goodwill			**-**	**-**	**-**	**-**
14. Finance costs			**74**	**73**	**1**	**1.4**
15. Taxes on income			**414**	**446**	**-32**	**-7.2**
16. Consolidated result			**761**	**650**	**111**	**17.1**
Thereof: Attributable to Munich Reinsurance Company equity holders			**764**	**643**	**121**	**18.8**
Attributable to minority interests			**-3**	**7**	**-10**	**-**
			€	€	€	%
Earnings per share			**4.15**	**3.29**	**0.86**	**26.1**

Consolidated income statement (quarterly breakdown)

Items	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
€m							
Gross premiums written	**11,447**	**10,956**	**11,657**	**10,375**	**10,355**	**10,326**	**10,367**
1. Earned premiums							
Gross	11,367	11,348	10,610	10,884	10,449	10,508	9,386
Ceded	491	423	457	470	466	376	389
Net	**10,876**	**10,925**	**10,153**	**10,414**	**9,983**	**10,132**	**8,997**
2. Income from technical interest	**1,823**	**1,661**	**1,827**	**1,452**	**1,858**	**1,334**	**1,150**
3. Expenses for claims and benefits							
Gross	9,517	9,476	9,642	8,177	8,676	8,772	7,538
Ceded share	209	318	248	156	319	113	183
Net	**9,308**	**9,158**	**9,394**	**8,021**	**8,357**	**8,659**	**7,355**
4. Operating expenses							
Gross	2,714	2,977	2,585	3,079	2,763	2,408	2,336
Ceded share	108	88	137	111	131	79	84
Net	**2,606**	**2,889**	**2,448**	**2,968**	**2,632**	**2,329**	**2,252**
5. Technical result (1–4)	**785**	**539**	**138**	**877**	**852**	**478**	**540**
6. Investment result							
Investment income	3,364	3,856	3,374	3,311	3,221	3,452	3,591
Investment expenses	1,161	1,238	914	1,220	984	1,264	2,224
Total	2,203	2,618	2,460	2,091	2,237	2,188	1,367
Thereof: Income from associates	25	19	14	-69	-25	18	-47
7. Other operating income	**181**	**166**	**181**	**199**	**164**	**205**	**120**
8. Other operating expenses	**197**	**214**	**182**	**315**	**183**	**164**	**141**
9. Deduction of income from technical interest	**-1,823**	**-1,661**	**-1,827**	**-1,452**	**-1,858**	**-1,334**	**-1,150**
10. Non-technical result (6–9)	**364**	**909**	**632**	**523**	**360**	**895**	**196**
11. Operating result	**1,149**	**1,448**	**770**	**1,400**	**1,212**	**1,373**	**736**
12. Other non-operating result	**100**	**-182**	**-143**	**-278**	**-43**	**-248**	**97**
13. Impairment losses of goodwill	**–**	**109**	**–**	**19**	**–**	**40**	**58**
14. Finance costs	**74**	**76**	**69**	**73**	**73**	**76**	**82**
15. Taxes on income	**414**	**372**	**73**	**250**	**446**	**312**	**256**
16. Consolidated result	**761**	**709**	**485**	**780**	**650**	**697**	**437**
Thereof: Attributable to Munich Reinsurance Company equity holders	**764**	**709**	**482**	**760**	**643**	**685**	**433**
Attributable to minority interests	**-3**	**–**	**3**	**20**	**7**	**12**	**4**
€							
Earnings per share	**4.15**	**3.80**	**2.54**	**3.94**	**3.29**	**3.51**	**2.22**

Statement of recognised income and expense for the period 1 January to 30 September 2010

	Q1–3 2010	Q1–3 2009
	€m	€m
Consolidated result	**1,955**	**1,784**
Currency translation		
Gains (losses) recognised in equity	405	–257
Recognised in the consolidated income statement	–	–
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	2,396	2,272
Recognised in the consolidated income statement	–769	–1,129
Change resulting from valuation at equity		
Gains (losses) recognised in equity	–12	21
Recognised in the consolidated income statement	–	–
Change resulting from cash flow hedges		
Gains (losses) recognised in equity	–	–
Recognised in the consolidated income statement	–	–
Actuarial gains and losses on defined benefit plans	**–7**	**42**
Other changes	**2**	**–27**
Income and expense recognised directly in equity	**2,015**	**922**
Total recognised income and expense	**3,970**	**2,706**
Thereof:		
Attributable to Munich Reinsurance Company equity holders	**3,946**	**2,667**
Attributable to minority interests	**24**	**39**

Statement of recognised income and expense for the period 1 July to 30 September 2010

	Q3 2010	Q3 2009
	€m	€m
Consolidated result	**761**	**650**
Currency translation		
Gains (losses) recognised in equity	-1,107	-308
Recognised in the consolidated income statement	–	–
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	1,079	1,678
Recognised in the consolidated income statement	-13	-472
Change resulting from valuation at equity		
Gains (losses) recognised in equity	-13	–
Recognised in the consolidated income statement	–	–
Change resulting from cash flow hedges		
Gains (losses) recognised in equity	3	–
Recognised in the consolidated income statement	–	–
Actuarial gains and losses on defined benefit plans	**-19**	**-5**
Other changes	**–**	**-10**
Income and expense recognised directly in equity	**-70**	**883**
Total recognised income and expense	**691**	**1,533**
Thereof:		
Attributable to Munich Reinsurance Company equity holders	**685**	**1,496**
Attributable to minority interests	**6**	**37**

Group statement of changes in equity

€m
Status at 31.12.2008
Allocation to retained earnings
Consolidated result
Income and expense recognised directly in equity
Currency translation
Unrealised gains and losses on investments
Changes resulting from valuation at equity
Changes resulting from cash flow hedges
Actuarial gains and losses on defined benefit plans
Other changes
Total recognised income and expense
Changes in shareholdings in subsidiaries
Changes in consolidated group
Dividend
Share buy-backs
Retirement of own shares
Status at 30.9.2009
Status at 31.12.2009
Allocation to retained earnings
Consolidated result
Income and expense recognised directly in equity
Currency translation
Unrealised gains and losses on investments
Changes resulting from valuation at equity
Changes resulting from cash flow hedges
Actuarial gains and losses on defined benefit plans
Other changes
Total recognised income and expense
Changes in shareholdings in subsidiaries
Changes in consolidated group
Dividend
Share buy-backs
Retirement of own shares
Status at 30.9.2010

	Equity attributable to Munich Reinsurance Company equity holders								Minority interests	Total equity
	Issued capital	Capital reserve	Retained earnings		Other reserves			Consolidated result		
			Retained earnings before deduction of own shares	Own shares held	Unrealised gains and losses	Reserve from currency translation	Valuation result from cash flow hedges			
	588	**6,800**	**12,024**	**-1,181**	**2,227**	**-1,194**	**3**	**1,555**	**285**	**21,107**
	–	–	482	–	–	–	–	-482	–	–
	–	–	–	–	–	–	–	1,761	23	1,784
	–	–	40	–	1,122	-256	–	–	16	922
	–	–	–	–	–	-256	–	–	-1	-257
	–	–	–	–	1,107	–	–	–	36	1,143
	–	–	6	–	15	–	–	–	–	21
	–	–	–	–	–	–	–	–	–	–
	–	–	42	–	–	–	–	–	–	42
	–	–	-8	–	–	–	–	–	-19	-27
	–	–	40	–	1,122	-256	–	1,761	39	2,706
	–	–	–	–	–	–	–	–	-32	-32
	–	–	8	–	–	–	–	–	1	9
	–	–	–	–	–	–	–	-1,073	-2	-1,075
	–	–	–	-57	–	–	–	–	–	-57
	–	–	-1,000	1,000	–	–	–	–	–	–
	588	**6,800**	**11,554**	**-238**	**3,349**	**-1,450**	**3**	**1,761**	**291**	**22,658**
	588	**6,800**	**11,247**	**-580**	**2,717**	**-1,245**	**1**	**2,521**	**229**	**22,278**
	–	–	1,449	–	–	–	–	-1,449	–	–
	–	–	–	–	–	–	–	1,955	–	1,955
	–	–	-25	–	1,619	397	–	–	24	2,015
	–	–	–	–	–	397	–	–	8	405
	–	–	–	–	1,621	–	–	–	6	1,627
	–	–	-10	–	-2	–	–	–	–	-12
	–	–	–	–	–	–	–	–	–	–
	–	–	-7	–	–	–	–	–	–	-7
	–	–	-8	–	–	–	–	–	10	2
	–	–	-25	–	1,619	397	–	1,955	24	3,970
	–	–	-15	–	–	–	–	–	-11	-26
	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	-1,072	-4	-1,076
	–	–	–	-1,010	–	–	–	–	–	-1,010
	–	–	-1,002	1,002	–	–	–	–	–	–
	588	**6,800**	**11,654**	**-588**	**4,336**	**-848**	**1**	**1,955**	**238**	**24,136**

Condensed consolidated cash flow statement for the period from 1 January to 30 September 2010

	Q1–3 2010	Q1–3 2009
	€m	€m
Consolidated result	**1,955**	**1,784**
Net change in technical provisions	6,354	4,751
Change in deferred acquisition costs	–491	–226
Change in deposits retained and accounts receivable and payable	688	–354
Change in other receivables and liabilities	1,449	729
Gains and losses on the disposal of investments	–1,409	–1,069
Change in securities held for trading	–436	809
Change in other balance sheet items	–57	325
Other income and expenses without impact on cash flow	–1,050	631
I. Cash flows from operating activities	**7,003**	**7,380**
Inflows from the sale of consolidated companies	2	1
Outflows for the acquisition of consolidated companies	23	567
Change from the acquisition, sale and maturities of other investments	–4,340	–3,517
Change from the acquisition and sale of investments for unit-linked life insurance	–503	–570
Other	–24	–46
II. Cash flows from investing activities	**–4,888**	**–4,699**
Inflows from increases in capital	–	–
Outflows for share buy-backs	1,010	57
Dividend payments	1,076	1,075
Change from other financing activities	–275	–1,261
III. Cash flows from financing activities	**–2,361**	**–2,393**
Cash flows for the financial year (I + II + III)	**–246**	**288**
Effect of exchange rate changes on cash	55	–2
Cash at the beginning of the financial year	3,082	2,365
Cash at 30 September of the financial year	2,891	2,651

Selected notes to the consolidated financial statements

Recognition and measurement

This quarterly report as at 30 September 2010 has been prepared in accordance with International Financial Reporting Standards (IFRSs) as applicable in the European Union. The condensed interim consolidated financial statements are prepared in accordance with IAS 34, Interim Financial Reporting. We have complied with all new and amended IFRSs and IFRIC interpretations whose application is compulsory for the first time for periods beginning on 1 January 2010.

The following new or revised standards are of significance:

The revision of IFRS 3 (rev. 01/2008), Business Combinations, and IAS 27 (rev. 01/2008), Consolidated and Separate Financial Statements, mainly involves changes in the balance sheet recognition of non-controlling interests, successive share purchases, acquisition-related costs and contingent consideration. In addition, there have been amendments to the rules for the treatment of changes in ownership interests with and without loss of control. This has resulted in a knock-on change to IAS 28, Investments in Associates. Effects of the new rules for Munich Re may, owing to their prospective application, result for the first time for acquisitions or sales of shareholdings effected after 30 September 2010.

The change in IAS 39 (rev. 07/2008), Financial Instruments: Recognition and Measurement, Eligible Hedged Items, provides guidance on designating a portion of cash flows or a risk as a "hedged item" and the extent to which inflation risks may be designated "hedged items". The new rules have had no impact for Munich Re.

The change to IFRS 2 (rev. 06/2009), Share-based Payment, clarifies the recognition of cash-settled share-based payment transactions. The new rules mainly concern the question of how individual subsidiaries in a group are to recognise (cash-settled) share-based payment agreements in their own financial statements. Under these agreements, the subsidiary receives goods or services from employees or suppliers which the parent or another group company pays for. The new rules have had no implications for Munich Re.

The changes published as part of the IASB's Annual Improvement Process in April 2009 are also to be applied for the first time for financial years beginning on or after 1 January 2010. Involving a total of ten standards and two interpretations, they are of subordinate importance for Munich Re.

The first-time application of the interpretation IFRIC 17, Distributions of Non-cash Assets to Owners, has had no material impact.

As from this year, the business field of Munich Health, which covers our health reinsurance business worldwide and our health primary insurance outside Germany, is being shown for the first time as a separate segment. Munich Health's business was previously disclosed in the segments "life and health reinsurance" and "health primary insurance". Minus the business written by Munich Health, the segment "life and health reinsurance" has become simply "life reinsurance". The health primary insurance segment continues to include our German health insurance business and our travel insurance business.

In the Munich Health segment too, an interest component in the form of income from technical interest is recognised in the technical result. For international primary insurance business, the income from technical interest is based on the interest allocated to the provision for future policy benefits (actuarial interest rate) and the interest on technical provisions at the relevant national risk-free interest rate. In the case of long-term reinsurance treaties, the interest corresponds to the contractually agreed allocations of interest. For short-term reinsurance treaties, the technical interest is calculated on the basis of the risk-free interest on technical provisions at the relevant national interest rate. In addition, we have further refined the method of distributing the investment results between our segments. The figures for the previous year have been adjusted accordingly.

Otherwise, the same principles of recognition, measurement and consolidation have been applied as in our consolidated financial statements as at 31 December 2009. 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 Munich Re's quarterly financial statements are calculated in the same way as for the consolidated financial statements as at 31 December 2009, i.e. a direct tax calculation is made per quarterly result of the individual consolidated companies.

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	30.9.2010	31.12.2009	Q3 2010	Q2 2010	Q1 2010	Q3 2009	Q2 2009	Q1 2009
Australian dollar	1.40995	1.59530	1.42952	1.44180	1.53014	1.71675	1.79266	1.96394
Canadian dollar	1.40045	1.50410	1.34359	1.30782	1.43929	1.56978	1.58953	1.62405
Pound sterling	0.86635	0.88845	0.83357	0.85292	0.88760	0.87197	0.87939	0.90966
Rand	9.52130	10.56510	9.45681	9.60159	10.38680	11.15800	11.52100	12.96380
Swiss franc	1.33375	1.48315	1.33251	1.40842	1.46288	1.51947	1.51389	1.49659
US dollar	1.36520	1.43475	1.29286	1.27292	1.38356	1.43018	1.36218	1.30438
Yen	114.0490	133.5680	110.8440	117.2940	125.5380	133.7980	132.6520	122.1650

Segment reporting

Segment assets	Reinsurance				Primary insurance	
€m	Life		Property-casualty		Life	
	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009
A. Intangible assets	**173**	**182**	**1,987**	**1,955**	**1,171**	**1,206**
B. Investments						
I. Land and buildings, including buildings on third-party land	**263**	**211**	**1,161**	**1,095**	**1,735**	**1,776**
Thereof: Investment property held for sale	–	8	–	39	–	43
II. Investments in affiliated companies and associates	**1,258**	**1,086**	**5,365**	**5,442**	**410**	**356**
III. Loans	**350**	**357**	**1,485**	**1,760**	**32,414**	**31,334**
IV. Other securities						
1. Held to maturity	–	–	–	–	54	83
2. Available for sale	12,703	10,820	49,781	46,543	38,948	38,370
3. At fair value through profit or loss	366	87	925	751	1,115	730
	13,069	**10,907**	**50,706**	**47,294**	**40,117**	**39,183**
V. Deposits retained on assumed reinsurance	**6,068**	**6,201**	**1,439**	**1,351**	**139**	**119**
VI. Other investments	**284**	**160**	**833**	**977**	**1,459**	**633**
	21,292	**18,922**	**60,989**	**57,919**	**76,274**	**73,401**
C. Investments for the benefit of life insurance policyholders who bear the investment risk	**–**	**–**	**–**	**–**	**4,706**	**4,024**
D. Ceded share of technical provisions	**987**	**397**	**2,616**	**2,603**	**2,897**	**2,833**
E. Other segment assets	**5,461**	**4,788**	**10,159**	**10,033**	**9,417**	**9,123**
Thereof: Owner-occupied property held for sale	–	3	–	9	–	–
Total segment assets	**27,913**	**24,289**	**75,751**	**72,510**	**94,465**	**90,587**

					Munich Health		Asset management		Consolidation		Total	
	Health		Property-casualty									
	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009
	690	**696**	**926**	**1,008**	**123**	**138**	**15**	**13**	**-3**	**-3**	**5,082**	**5,195**
	626	635	333	309	17	15	49	46	-1	-1	4,183	4,086
	–	–	–	–	–	–	–	–	–	–	–	90
	327	321	4,269	4,025	48	34	69	66	-10,652	-10,329	1,094	1,001
	15,710	14,765	2,571	2,347	26	25	–	–	-3,876	-3,966	48,680	46,622
	–	–	–	1	–	–	–	–	–	–	54	84
	12,406	12,077	6,145	5,870	2,606	1,821	109	105	-2	-1	122,696	115,605
	95	33	23	5	24	7	–	–	–	–	2,548	1,613
	12,501	12,110	6,168	5,876	2,630	1,828	109	105	-2	-1	125,298	117,302
	5	5	19	20	1,265	1,232	–	–	-2,127	-2,130	6,808	6,798
	219	69	330	509	122	14	402	265	-404	-287	3,245	2,340
	29,388	**27,905**	**13,690**	**13,086**	**4,108**	**3,148**	**629**	**482**	**-17,062**	**-16,714**	**189,308**	**178,149**
	2	**1**	**–**	**–**	**1**	**1**	**–**	**–**	**–**	**–**	**4,709**	**4,026**
	1,078	**1,076**	**908**	**853**	**33**	**31**	**–**	**–**	**-2,838**	**-2,810**	**5,681**	**4,983**
	3,394	**3,277**	**4,118**	**4,056**	**1,826**	**1,522**	**61**	**89**	**-1,951**	**-1,829**	**32,485**	**31,059**
	–	–	–	–	–	1	–	–	–	–	–	13
	34,552	**32,955**	**19,642**	**19,003**	**6,091**	**4,840**	**705**	**584**	**-21,854**	**-21,356**	**237,265**	**223,412**

Segment reporting

Segment equity and liabilities	Reinsurance				Primary insurance	
€m	Life		Property-casualty		Life	
	30.9.2010	31.12.2009	30.9.2010	31.12.2009	30.9.2010	31.12.2009
A. Subordinated liabilities	**1,354**	**1,421**	**2,905**	**2,782**	**103**	**104**
B. Gross technical provisions						
I. Unearned premiums	55	113	5,551	4,955	1	1
II. Provision for future policy benefits	11,102	10,636	299	300	69,428	68,629
III. Provision for outstanding claims	4,345	3,830	37,359	35,756	1,472	1,475
IV. Other technical provisions	439	678	107	135	3,941	2,802
	15,941	15,257	43,316	41,146	74,842	72,907
C. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders	**-**	**-**	**-**	**-**	**5,008**	**4,115**
D. Other accrued liabilities	**162**	**136**	**583**	**630**	**514**	**486**
E. Other segment liabilities	**5,468**	**4,118**	**10,719**	**8,909**	**9,957**	**9,381**
Total segment liabilities	**22,925**	**20,932**	**57,523**	**53,467**	**90,424**	**86,993**

	Health		Property-casualty		Munich Health		Asset management		Consolidation		Total	
	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009	30.9. 2010	31.12. 2009
	24	**24**	**367**	**371**	**187**	**147**	**–**	**–**	**-45**	**-59**	**4,895**	**4,790**
	114	**89**	**1,857**	**1,494**	**446**	**370**	**–**	**–**	**-99**	**-76**	**7,925**	**6,946**
	22,648	**21,365**	**437**	**394**	**1,573**	**1,500**	**–**	**–**	**-1,992**	**-1,962**	**103,495**	**100,862**
	965	**943**	**4,831**	**4,657**	**1,044**	**798**	**–**	**–**	**-602**	**-613**	**49,414**	**46,846**
	6,531	**6,307**	**170**	**151**	**238**	**234**	**–**	**–**	**-117**	**-161**	**11,309**	**10,146**
	30,258	28,704	7,295	6,696	3,301	2,902	–	–	-2,810	-2,812	172,143	164,800
	2	**1**	**–**	**–**	**1**	**1**	**–**	**–**	**–**	**–**	**5,011**	**4,117**
	265	**283**	**1,674**	**1,610**	**93**	**87**	**41**	**49**	**-94**	**-75**	**3,238**	**3,206**
	2,252	**2,227**	**5,864**	**5,992**	**1,356**	**1,190**	**534**	**399**	**-8,308**	**-7,995**	**27,842**	**24,221**
	32,801	**31,239**	**15,200**	**14,669**	**4,938**	**4,327**	**575**	**448**	**-11,257**	**-10,941**	**213,129**	**201,134**
									Equity		**24,136**	**22,278**
									Total equity and liabilities		**237,265**	**223,412**

Segment reporting

Segment income statement 1.1.–30.9.2010	Reinsurance				Primary insurance	
€m	Life		Property-casualty		Life	
	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
Gross premiums written	**5,916**	**4,884**	**11,712**	**11,647**	**4,683**	**4,412**
Thereof:						
From insurance transactions with other segments	**98**	**257**	**267**	**257**	**–**	**–**
From insurance transactions with external third parties	**5,818**	**4,627**	**11,445**	**11,390**	**4,683**	**4,412**
1. Earned premiums						
Gross	5,985	4,898	11,308	11,240	4,684	4,412
Ceded	325	239	779	724	195	353
Net	**5,660**	**4,659**	**10,529**	**10,516**	**4,489**	**4,059**
2. Income from technical interest	**421**	**483**	**1,031**	**723**	**2,702**	**2,180**
3. Expenses for claims and benefits						
Gross	4,361	3,635	8,108	7,543	6,598	5,616
Ceded share	142	96	471	364	113	170
Net	**4,219**	**3,539**	**7,637**	**7,179**	**6,485**	**5,446**
4. Operating expenses						
Gross	1,714	1,499	3,344	3,157	803	803
Ceded share	123	86	175	163	39	132
Net	**1,591**	**1,413**	**3,169**	**2,994**	**764**	**671**
Thereof:						
Amortisation and impairment losses of acquired insurance portfolios	9	7	–	–	21	44
5. Technical result (1–4)	**271**	**190**	**754**	**1,066**	**-58**	**122**
6. Investment result						
Investment income	1,385	1,243	3,711	4,019	3,698	3,720
Investment expenses	683	452	1,562	1,998	551	1,521
Total	**702**	**791**	**2,149**	**2,021**	**3,147**	**2,199**
Thereof:						
Interest and similar income	562	609	1,305	1,354	2,214	2,242
Interest charges and similar expenses	30	16	54	91	19	38
Write-downs of investments	400	197	567	688	181	815
Write-ups of investments	349	224	469	525	649	247
Income from associates	7	-2	33	-6	7	-26
7. Other operating income	**62**	**48**	**237**	**207**	**319**	**373**
Thereof:						
Interest and similar income	24	6	53	27	4	8
Write-ups of other operating assets	1	–	3	–	–	–
8. Other operating expenses	**45**	**36**	**166**	**148**	**375**	**424**
Thereof:						
Interest charges and similar expenses	5	7	9	18	6	6
Write-downs of other operating assets	3	2	12	8	16	19
9. Deduction of income from technical interest	-421	-483	-1,031	-723	-2,702	-2,180
10. Non-technical result (6–9)	**298**	**320**	**1,189**	**1,357**	**389**	**-32**
11. Operating result	**569**	**510**	**1,943**	**2,423**	**331**	**90**
12. Other non-operating result, finance costs and impairment losses of goodwill	-45	-35	-148	-154	-60	-108
13. Taxes on income	168	140	492	735	69	16
14. Consolidated result	**356**	**335**	**1,303**	**1,534**	**202**	**-34**
Thereof:						
Attributable to Munich Reinsurance Company equity holders	357	335	1,306	1,534	203	-40
Atrributable to minority interests	-1	–	-3	–	-1	6

				Munich Health		Asset management		Consolidation		Total	
Health		Property-casualty									
Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
4,152	**3,912**	**4,297**	**3,965**	**3,836**	**2,905**	**–**	**–**	**-536**	**-677**	**34,060**	**31,048**
6	6	32	10	133	147	–	–	-536	-677	–	–
4,146	3,906	4,265	3,955	3,703	2,758	–	–	–	–	34,060	31,048
4,127	3,899	3,966	3,722	3,769	2,829	–	–	-514	-657	33,325	30,343
172	159	389	372	25	41	–	–	-514	-657	1,371	1,231
3,955	**3,740**	**3,577**	**3,350**	**3,744**	**2,788**	**–**	**–**	**–**	**–**	**31,954**	**29,112**
1,026	**933**	**130**	**112**	**67**	**64**	**–**	**–**	**-66**	**-153**	**5,311**	**4,342**
4,345	4,021	2,572	2,364	3,019	2,336	–	–	-368	-529	28,635	24,986
108	117	254	231	17	26	–	–	-330	-389	775	615
4,237	**3,904**	**2,318**	**2,133**	**3,002**	**2,310**	**–**	**–**	**-38**	**-140**	**27,860**	**24,371**
506	525	1,243	1,171	756	510	–	–	-90	-158	8,276	7,507
52	30	79	83	4	9	–	–	-139	-209	333	294
454	**495**	**1,164**	**1,088**	**752**	**501**	**–**	**–**	**49**	**51**	**7,943**	**7,213**
4	4	–	–	–	–	–	–	–	–	34	55
290	**274**	**225**	**241**	**57**	**41**	**–**	**–**	**-77**	**-64**	**1,462**	**1,870**
1,264	1,099	691	483	150	133	7	18	-312	-451	10,594	10,264
333	294	202	221	28	25	6	7	-52	-46	3,313	4,472
931	**805**	**489**	**262**	**122**	**108**	**1**	**11**	**-260**	**-405**	**7,281**	**5,792**
881	820	268	265	94	116	4	5	-119	-247	5,209	5,164
7	12	9	7	1	2	–	–	-3	-3	117	163
66	78	48	102	12	7	6	6	–	–	1,280	1,893
56	29	29	25	18	5	–	–	–	–	1,570	1,055
9	8	-3	-27	8	-2	-3	1	–	–	58	-54
91	**65**	**701**	**301**	**63**	**52**	**198**	**183**	**-1,143**	**-740**	**528**	**489**
6	3	4	3	11	4	4	3	-5	-8	101	46
–	–	–	–	–	–	–	–	–	–	4	–
140	**89**	**839**	**404**	**61**	**48**	**140**	**152**	**-1,173**	**-813**	**593**	**488**
31	9	72	85	4	7	8	9	-42	-60	93	81
6	2	12	14	9	7	1	–	–	–	59	52
-1,026	**-933**	**-130**	**-112**	**-67**	**-64**	**–**	**–**	**66**	**153**	**-5,311**	**-4,342**
-144	**-152**	**221**	**47**	**57**	**48**	**59**	**42**	**-164**	**-179**	**1,905**	**1,451**
146	**122**	**446**	**288**	**114**	**89**	**59**	**42**	**-241**	**-243**	**3,367**	**3,321**
-42	-27	-245	-141	-21	-91	-7	-6	15	39	-553	-523
14	62	61	51	36	-1	21	11	-2	–	859	1,014
90	**33**	**140**	**96**	**57**	**-1**	**31**	**25**	**-224**	**-204**	**1,955**	**1,784**
90	28	135	90	59	2	31	21	-226	-209	1,955	1,761
–	5	5	6	-2	-3	–	4	2	5	–	23

Segment reporting

Segment income statement 1.7.–30.9.2010	Reinsurance				Primary insurance	
€m	Life		Property-casualty		Life	
	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Gross premiums written	**2,025**	**1,795**	**4,036**	**3,827**	**1,560**	**1,381**
Thereof:						
From insurance transactions with other segments	32	91	71	78	–	–
From insurance transactions with external third parties	1,993	1,704	3,965	3,749	1,560	1,381
1. Earned premiums						
Gross	2,030	1,800	3,881	3,855	1,561	1,380
Ceded	112	80	289	296	62	120
Net	**1,918**	**1,720**	**3,592**	**3,559**	**1,499**	**1,260**
2. Income from technical interest	**140**	**198**	**348**	**352**	**951**	**920**
3. Expenses for claims and benefits						
Gross	1,565	1,320	2,399	2,414	2,303	2,075
Ceded share	43	24	93	211	55	75
Net	**1,522**	**1,296**	**2,306**	**2,203**	**2,248**	**2,000**
4. Operating expenses						
Gross	563	582	1,133	1,200	232	264
Ceded share	45	34	58	76	12	33
Net	**518**	**548**	**1,075**	**1,124**	**220**	**231**
Thereof:						
Amortisation and impairment losses of acquired insurance portfolios	3	6	–	-3	7	13
5. Technical result (1–4)	**18**	**74**	**559**	**584**	**-18**	**-51**
6. Investment result						
Investment income	456	408	1,078	1,052	1,280	1,314
Investment expenses	281	121	559	489	166	237
Total	**175**	**287**	**519**	**563**	**1,114**	**1,077**
Thereof:						
Interest and similar income	201	225	413	481	744	758
Interest charges and similar expenses	22	4	10	47	6	7
Write-downs of investments	160	52	305	149	73	155
Write-ups of investments	115	64	126	81	329	80
Income from associates	4	-1	18	-1	1	-8
7. Other operating income	**20**	**17**	**79**	**78**	**110**	**123**
Thereof:						
Interest and similar income	12	1	26	5	2	2
Write-ups of other operating assets	–	–	–	–	–	–
8. Other operating expenses	**13**	**9**	**54**	**67**	**120**	**149**
Thereof:						
Interest charges and similar expenses	1	1	1	2	1	3
Write-downs of other operating assets	1	–	6	2	3	8
9. Deduction of income from technical interest	**-140**	**-198**	**-348**	**-352**	**-951**	**-920**
10. Non-technical result (6–9)	**42**	**97**	**196**	**222**	**153**	**131**
11. Operating result	**60**	**171**	**755**	**806**	**135**	**80**
12. Other non-operating result, finance costs and impairment losses of goodwill	**52**	**-9**	**54**	**-22**	**-37**	**-31**
13. Taxes on income	**65**	**61**	**254**	**325**	**27**	**26**
14. Consolidated result	**47**	**101**	**555**	**459**	**71**	**23**
Thereof:						
Attributable to Munich Reinsurance Company equity holders	**48**	**101**	**556**	**459**	**73**	**23**
Atrributable to minority interests	**-1**	**–**	**-1**	**–**	**-2**	**–**

Health		Property-casualty		Munich Health		Asset management		Consolidation		Total	
Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
1,392	**1,299**	**1,314**	**1,190**	**1,281**	**1,084**	**–**	**–**	**-161**	**-221**	**11,447**	**10,355**
2	1	10	3	46	48	–	–	-161	-221	–	–
1,390	**1,298**	**1,304**	**1,187**	**1,235**	**1,036**	**–**	**–**	**–**	**–**	**11,447**	**10,355**
1,420	1,332	1,350	1,266	1,300	1,050	–	–	-175	-234	11,367	10,449
60	56	134	134	9	14	–	–	-175	-234	491	466
1,360	**1,276**	**1,216**	**1,132**	**1,291**	**1,036**	**–**	**–**	**–**	**–**	**10,876**	**9,983**
339	**328**	**45**	**31**	**21**	**24**	**–**	**–**	**-21**	**5**	**1,823**	**1,858**
1,485	1,392	847	812	1,014	873	–	–	-96	-210	9,517	8,676
29	37	76	94	8	25	–	–	-95	-147	209	319
1,456	**1,355**	**771**	**718**	**1,006**	**848**	**–**	**–**	**-1**	**-63**	**9,308**	**8,357**
157	158	403	391	267	208	–	–	-41	-40	2,714	2,763
25	14	22	31	1	6	–	–	-55	-63	108	131
132	**144**	**381**	**360**	**266**	**202**	**–**	**–**	**14**	**23**	**2,606**	**2,632**
1	1	–	–	–	–	–	–	–	–	11	17
111	**105**	**109**	**85**	**40**	**10**	**–**	**–**	**-34**	**45**	**785**	**852**
404	324	143	150	45	50	-5	7	-37	-84	3,364	3,221
96	60	58	54	12	5	6	2	-17	16	1,161	984
308	**264**	**85**	**96**	**33**	**45**	**-11**	**5**	**-20**	**-100**	**2,203**	**2,237**
296	276	87	91	33	40	1	1	-36	-78	1,739	1,794
2	3	3	2	–	–	–	–	-1	-1	42	62
33	22	16	25	7	–	6	2	–	–	600	405
3	6	8	4	5	-1	–	–	–	–	586	234
11	-1	-3	-9	–	-2	-6	-3	–	–	25	-25
28	**24**	**254**	**95**	**25**	**15**	**69**	**59**	**-404**	**-247**	**181**	**164**
1	1	3	1	6	1	2	2	-2	-4	50	9
–	–	–	–	–	–	–	–	–	–	–	–
42	**35**	**308**	**131**	**23**	**13**	**48**	**51**	**-411**	**-272**	**197**	**183**
9	4	23	24	1	1	3	5	-14	-15	25	25
1	1	2	5	4	4	1	–	–	–	18	20
-339	-328	-45	-31	-21	-24	–	–	21	-5	-1,823	-1,858
-45	**-75**	**-14**	**29**	**14**	**23**	**10**	**13**	**8**	**-80**	**364**	**360**
66	**30**	**95**	**114**	**54**	**33**	**10**	**13**	**-26**	**-35**	**1,149**	**1,212**
-11	5	-50	-45	17	-24	-3	-3	4	13	26	-116
14	**10**	**18**	**23**	**30**	**2**	**7**	**1**	**-1**	**-2**	**414**	**446**
41	**25**	**27**	**46**	**41**	**7**	**–**	**9**	**-21**	**-20**	**761**	**650**
41	25	27	42	42	7	–	5	-23	-19	764	643
–	–	–	4	-1	–	–	4	2	-1	-3	7

Segment reporting

Non-current assets by country[1]	30.9.2010	31.12.2009
€m		
Germany	7,676	7,759
USA	2,023	1,987
Austria	465	471
UK	297	185
Singapore	241	219
Sweden	239	195
Spain	227	235
France	161	162
Netherlands	155	182
Portugal	111	118
Poland	109	102
Switzerland	88	71
Italy	75	80
Greece	56	56
Others	301	400
Total	**12,224**	**12,222**

[1] The non-current assets mainly comprise intangible assets (especially goodwill) and our owner-occupied and investment property.

Gross premiums written[1]	Reinsurance		Primary insurance		Munich Health		Total	
€m	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
Europe	6,281	6,615	12,963	12,181	1,240	1,128	20,484	19,924
North America	7,150	6,301	–	–	1,999	1,399	9,149	7,700
Asia and Australasia	2,477	1,829	131	92	286	60	2,894	1,981
Africa, Near and Middle East	535	541	–	–	170	164	705	705
Latin America	820	731	–	–	8	7	828	738
Total	**17,263**	**16,017**	**13,094**	**12,273**	**3,703**	**2,758**	**34,060**	**31,048**

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

Gross premiums written[1]	Reinsurance		Primary insurance		Munich Health		Total	
€m	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Europe	2,102	2,111	4,209	3,837	392	488	6,703	6,436
North America	2,497	2,241	–	–	690	504	3,187	2,745
Asia and Australasia	889	694	45	29	99	8	1,033	731
Africa, Near and Middle East	161	182	–	–	50	35	211	217
Latin America	309	225	–	–	4	1	313	226
Total	**5,958**	**5,453**	**4,254**	**3,866**	**1,235**	**1,036**	**11,447**	**10,355**

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

Notes to the consolidated balance sheet

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

Intangible assets		
€m	30.9.2010	31.12.2009
I. Goodwill	**3,442**	**3,477**
II. Other intangible assets	**1,640**	**1,718**
Thereof:		
Software	369	349
Purchased insurance portfolios	613	650
Other	658	719
Total	**5,082**	**5,195**

Owing to the current economic trend in local insurance activities, the goodwill resulting from the acquisition of our stake in ERGO SIGORTA A.S., Istanbul, was subjected to an impairment test in the second quarter. The goodwill of €109m has consequently been completely written off.

Explanatory information on investments can be found in the “Investment performance” section of the interim management report.

Number of shares in circulation and number of own shares held	30.9.2010	31.12.2009
Number of shares in circulation	182,710,274	191,910,177
Number of own shares held	5,758,197	5,491,447
Total	**188,468,471**	**197,401,624**

Minority interests		
€m	30.9.2010	31.12.2009
Unrealised gains and losses	16	12
Consolidated result	–	8
Other equity	222	209
Total	**238**	**229**

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

Subordinated liabilities €m	30.9.2010	31.12.2009
Munich Reinsurance Company, Munich, 6.75% until 2013, thereafter floating, €2,900m Bonds 2003/2023 S&P rating: A	2,884	2,883
Munich Reinsurance Company, Munich, 7.625% until 2018, thereafter floating, £300m, Bonds 2003/2028 S&P rating: A	344	335
Munich Reinsurance Company, Munich, 5.767% until 2017, thereafter floating, €1,349m, Bonds 2007/perpetual S&P rating: A	1,567	1,475
Bank Austria Creditanstalt Versicherung AG, Vienna, 4.95%, €50m, Registered bonds 2004/2014 Rating: –	49	49
Bank Austria Creditanstalt Versicherung AG, Vienna, 6% until 2010, thereafter floating, €12m[1], Registered bonds 2001/perpetual Rating: –	9	9
Bank Austria Creditanstalt Versicherung AG, Vienna, secondary market yield on federal government bonds (Austria), +70 BP, €13m[2], Registered bonds 1998/perpetual Rating: –	9	9
HSB Group Inc., Delaware LIBOR +91 BP, US$ 76m, Bonds 1997/2027 Rating: –	33	30
Total	**4,895**	**4,790**

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

Bonds and notes issued €m	30.9.2010	31.12.2009
Munich Re America Corporation, Princeton, 7.45%, US$ 390m[1], senior notes 1996/2026 S&P rating: A–	285	276
Total	**285**	**276**

1 The issuer bought back notes with a nominal value of US$ 5m in the first quarter of 2010 and notes with a nominal value of US$ 2m in the third quarter of 2010.

Notes to the consolidated income statement

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

Premiums[1]	Reinsurance			
	Life		Property-casualty	
€m	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
Gross premiums written	5,818	4,627	11,445	11,390
Change in gross unearned premiums	–69	–15	383	386
Gross earned premiums	**5,887**	**4,642**	**11,062**	**11,004**
Ceded premiums written	325	239	825	729
Change in unearned premiums				
Ceded share	–	–	46	5
Earned premiums ceded	**325**	**239**	**779**	**724**
Net earned premiums	**5,562**	**4,403**	**10,283**	**10,280**

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

Premiums[1]	Reinsurance			
	Life		Property-casualty	
€m	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Gross premiums written	1,993	1,704	3,965	3,749
Change in gross unearned premiums	–5	–5	165	–17
Gross earned premiums	**1,998**	**1,709**	**3,800**	**3,766**
Ceded premiums written	112	80	313	297
Change in unearned premiums				
Ceded share	–	–	24	1
Earned premiums ceded	**112**	**80**	**289**	**296**
Net earned premiums	**1,886**	**1,629**	**3,511**	**3,470**

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

Income from technical interest[1]	Reinsurance			
	Life		Property-casualty	
€m	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
Income from technical interest	388	363	1,031	723

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

Income from technical interest[1]	Reinsurance			
	Life		Property-casualty	
€m	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Income from technical interest	129	215	348	352

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

	Primary insurance						Munich Health		Total	
	Life		Health		Property-casualty					
	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
	4,683	4,412	4,146	3,906	4,265	3,955	3,703	2,758	34,060	31,048
	–	–	24	13	330	243	67	78	735	705
	4,683	**4,412**	**4,122**	**3,893**	**3,935**	**3,712**	**3,636**	**2,680**	**33,325**	**30,343**
	91	92	14	9	149	138	19	20	1,423	1,227
	–	–	1	–	5	-9	–	–	52	-4
	91	**92**	**13**	**9**	**144**	**147**	**19**	**20**	**1,371**	**1,231**
	4,592	**4,320**	**4,109**	**3,884**	**3,791**	**3,565**	**3,617**	**2,660**	**31,954**	**29,112**

	Primary insurance						Munich Health		Total	
	Life		Health		Property-casualty					
	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
	1,560	1,381	1,390	1,298	1,304	1,187	1,235	1,036	11,447	10,355
	–	–	-28	-32	-34	-74	-18	34	80	-94
	1,560	**1,381**	**1,418**	**1,330**	**1,338**	**1,261**	**1,253**	**1,002**	**11,367**	**10,449**
	28	30	4	2	45	48	6	6	508	463
	–	–	-1	-1	-6	-3	–	–	17	-3
	28	**30**	**5**	**3**	**51**	**51**	**6**	**6**	**491**	**466**
	1,532	**1,351**	**1,413**	**1,327**	**1,287**	**1,210**	**1,247**	**996**	**10,876**	**9,983**

	Primary insurance						Munich Health		Total	
	Life		Health		Property-casualty					
	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
	2,702	2,180	1,026	933	130	112	34	31	5,311	4,342

	Primary insurance						Munich Health		Total	
	Life		Health		Property-casualty					
	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
	951	920	339	328	45	31	11	12	1,823	1,858

Expenses for claims and benefits[1]	Reinsurance			
	Life		Property-casualty	
€m	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
Gross				
Claims and benefits paid	3,552	2,830	7,437	6,774
Changes in technical provisions				
Provision for future policy benefits	385	247	–1	–32
Provision for outstanding claims	324	289	461	467
Provision for premium refunds	–	–	3	7
Other technical result	7	30	42	26
Gross expenses for claims and benefits	**4,268**	**3,396**	**7,942**	**7,242**
Ceded share				
Claims and benefits paid	86	80	595	584
Changes in technical provisions				
Provision for future policy benefits	–53	–7	–	–
Provision for outstanding claims	125	28	–118	–206
Provision for premium refunds	–	–	–	–
Other technical result	–17	–4	–6	–15
Expenses for claims and benefits – Ceded share	**141**	**97**	**471**	**363**
Net				
Claims and benefits paid	3,466	2,750	6,842	6,190
Changes in technical provisions				
Provision for future policy benefits	438	254	–1	–32
Provision for outstanding claims	199	261	579	673
Provision for premium refunds	–	–	3	7
Other technical result	24	34	48	41
Net expenses for claims and benefits	**4,127**	**3,299**	**7,471**	**6,879**

1 After elimination of intra-Group transactions across segments.

	Primary insurance						Munich Health		Total	
	Life		Health		Property-casualty					
	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
	4,464	**4,722**	**2,812**	**2,713**	**2,346**	**2,102**	**2,615**	**2,182**	**23,226**	**21,323**
	955	550	813	755	41	32	63	70	2,256	1,622
	–3	43	19	6	146	194	227	78	1,174	1,077
	1,059	156	735	556	10	9	–4	5	1,803	733
	121	**143**	**–5**	**3**	**14**	**27**	**–3**	**2**	**176**	**231**
	6,596	**5,614**	**4,374**	**4,033**	**2,557**	**2,364**	**2,898**	**2,337**	**28,635**	**24,986**
	65	**68**	**5**	**3**	**56**	**56**	**17**	**16**	**824**	**807**
	45	35	–	–1	–	–	–	–	–8	27
	–2	–2	2	–	32	37	–2	–2	37	–145
	1	1	–	–	–	–3	–	–	1	–2
	–56	**–53**	**–**	**–**	**–**	**–**	**–**	**–**	**–79**	**–72**
	53	**49**	**7**	**2**	**88**	**90**	**15**	**14**	**775**	**615**
	4,399	**4,654**	**2,807**	**2,710**	**2,290**	**2,046**	**2,598**	**2,166**	**22,402**	**20,516**
	910	515	813	756	41	32	63	70	2,264	1,595
	–1	45	17	6	114	157	229	80	1,137	1,222
	1,058	155	735	556	10	12	–4	5	1,802	735
	177	**196**	**–5**	**3**	**14**	**27**	**–3**	**2**	**255**	**303**
	6,543	**5,565**	**4,367**	**4,031**	**2,469**	**2,274**	**2,883**	**2,323**	**27,860**	**24,371**

Expenses for claims and benefits[1]	Reinsurance			
	Life		Property-casualty	
€m	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Gross				
Claims and benefits paid	**1,238**	**1,139**	**2,345**	**2,317**
Changes in technical provisions				
Provision for future policy benefits	114	48	7	-31
Provision for outstanding claims	150	37	-9	-93
Provision for premium refunds	–	–	-5	9
Other technical result	**34**	**4**	**10**	**11**
Gross expenses for claims and benefits	**1,536**	**1,228**	**2,348**	**2,213**
Ceded share				
Claims and benefits paid	**60**	**35**	**223**	**249**
Changes in technical provisions				
Provision for future policy benefits	-17	-4	–	–
Provision for outstanding claims	5	-3	-130	-37
Provision for premium refunds	–	–	–	–
Other technical result	**-6**	**-2**	**–**	**-3**
Expenses for claims and benefits – Ceded share	**42**	**26**	**93**	**209**
Net				
Claims and benefits paid	**1,178**	**1,104**	**2,122**	**2,068**
Changes in technical provisions				
Provision for future policy benefits	131	52	7	-31
Provision for outstanding claims	145	40	121	-56
Provision for premium refunds	–	–	-5	9
Other technical result	**40**	**6**	**10**	**14**
Net expenses for claims and benefits	**1,494**	**1,202**	**2,255**	**2,004**

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

	Primary insurance						Munich Health		Total	
	Life		Health		Property-casualty					
	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
	1,472	**1,489**	**940**	**925**	**769**	**704**	**815**	**899**	**7,579**	**7,473**
	338	272	262	243	12	14	20	35	753	581
	18	25	16	–19	61	83	148	32	384	65
	431	216	289	249	4	3	–1	7	718	484
	42	**49**	**–2**	**1**	**–4**	**7**	**3**	**1**	**83**	**73**
	2,301	**2,051**	**1,505**	**1,399**	**842**	**811**	**985**	**974**	**9,517**	**8,676**
	16	**25**	**2**	**2**	**6**	**11**	**–11**	**24**	**296**	**346**
	39	13	–	–	–	–	–	–	22	9
	1	–1	–	–1	22	34	19	–3	–83	–11
	–	–	–	–	–	–3	–	–	–	–3
	–19	**–17**	**–**	**–**	**–1**	**–**	**–**	**–**	**–26**	**–22**
	37	**20**	**2**	**1**	**27**	**42**	**8**	**21**	**209**	**319**
	1,456	**1,464**	**938**	**923**	**763**	**693**	**826**	**875**	**7,283**	**7,127**
	299	259	262	243	12	14	20	35	731	572
	17	26	16	–18	39	49	129	35	467	76
	431	216	289	249	4	6	–1	7	718	487
	61	**66**	**–2**	**1**	**–3**	**7**	**3**	**1**	**109**	**95**
	2,264	**2,031**	**1,503**	**1,398**	**815**	**769**	**977**	**953**	**9,308**	**8,357**

Operating expenses[1]	Reinsurance			
	Life		Property-casualty	
€m	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
Acquisition costs, profit commission and reinsurance commission paid	1,844	1,129	2,608	2,458
Administration expenses	201	175	786	765
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	–354	81	–114	–153
Gross operating expenses	**1,691**	**1,385**	**3,280**	**3,070**
Ceded share of acquisition costs, profit commission and reinsurance commission paid	150	67	170	160
Ceded share of changes in deferred acquisition costs and contingent commissions	–27	19	5	2
Operating expenses – Ceded share	**123**	**86**	**175**	**162**
Net operating expenses	**1,568**	**1,299**	**3,105**	**2,908**

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

Operating expenses[1]	Reinsurance			
	Life		Property-casualty	
€m	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Acquisition costs, profit commission and reinsurance commission paid	463	464	858	795
Administration expenses	66	61	272	302
Change in deferred acquisition costs and contingent commissions, amortisation and impairment losses of acquired insurance portfolios	25	31	–20	60
Gross operating expenses	**554**	**556**	**1,110**	**1,157**
Ceded share of acquisition costs, profit commission and reinsurance commission paid	48	26	57	48
Ceded share of changes in deferred acquisition costs and contingent commissions	–5	7	–	26
Operating expenses – Ceded share	**43**	**33**	**57**	**74**
Net operating expenses	**511**	**523**	**1,053**	**1,083**

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

	Primary insurance						Munich Health		Total	
	Life		Health		Property-casualty					
	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
	622	572	442	436	834	755	636	446	6,986	5,796
	177	199	123	125	488	455	99	100	1,874	1,819
	22	50	-34	-13	-87	-40	-17	-33	-584	-108
	821	**821**	**531**	**548**	**1,235**	**1,170**	**718**	**513**	**8,276**	**7,507**
	12	13	3	3	15	26	3	4	353	273
	–	–	–	–	2	–	–	–	-20	21
	12	**13**	**3**	**3**	**17**	**26**	**3**	**4**	**333**	**294**
	809	**808**	**528**	**545**	**1,218**	**1,144**	**715**	**509**	**7,943**	**7,213**

	Primary insurance						Munich Health		Total	
	Life		Health		Property-casualty					
	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
	192	170	131	144	263	251	200	212	2,107	2,036
	52	68	42	41	166	143	32	38	630	653
	-1	34	-9	-18	-34	-5	16	-28	-23	74
	243	**272**	**164**	**167**	**395**	**389**	**248**	**222**	**2,714**	**2,763**
	3	4	1	1	–	9	5	6	114	94
	-1	–	–	–	–	4	–	–	-6	37
	2	**4**	**1**	**1**	**–**	**13**	**5**	**6**	**108**	**131**
	241	**268**	**163**	**166**	**395**	**376**	**243**	**216**	**2,606**	**2,632**

Investment result by investment class and segment (before deduction of technical interest)[1]	Reinsurance				Primary insurance	
	Life		Property-casualty		Life	
€m	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
Land and buildings, including buildings on third-party land	18	11	106	64	75	74
Investments in affiliated companies	–	–	-7	–	-4	-8
Investments in associates	7	-2	33	-6	7	-26
Loans	2	5	7	22	1,059	951
Other securities held to maturity	–	–	–	–	2	4
Other securities available for sale						
Fixed-interest	467	338	1,783	1,546	1,237	1,314
Non-fixed-interest	32	117	181	564	110	-173
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	–	–	16	19	22	13
Non-fixed-interest	–	–	–	1	–	–
Derivatives	32	35	109	-154	520	-207
Designated as at fair value through profit or loss						
Fixed-interest	–	–	–	–	9	18
Non-fixed-interest	–	–	–	–	-2	–
Deposits retained on assumed reinsurance, other investments	126	161	-12	-65	41	-3
Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–	178	352
Expenses for the management of investments, other expenses	25	24	118	122	111	119
Total	**659**	**641**	**2,098**	**1,869**	**3,143**	**2,190**

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

					Munich Health		Asset management		Total	
	Health		Property-casualty							
	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
	31	27	20	20	2	1	2	3	254	200
	-3	-7	40	-2	-	-	3	6	29	-11
	9	8	-3	-27	8	-2	-3	1	58	-54
	484	429	84	71	-	-	-	-	1,636	1,478
	-	-	-	-	-	-	-	-	2	4
	414	355	209	172	68	46	1	3	4,179	3,774
	79	6	38	–12	6	30	–5	–4	441	528
	–	–	–	–	–	–	–	–	38	32
	–	–	–	–	–	–	–	–	–	1
	–51	5	–3	8	9	–2	–	–	616	–315
	–	–	–	–	–	–	–	–	9	18
	–	–	–	–	–	–	–	–	–2	–
	1	7	-	5	-	-	2	2	158	107
	-	-	-	-	-	-	-	-	178	352
	34	33	24	20	3	3	-	1	315	322
	930	**797**	**361**	**215**	**90**	**70**	**-**	**10**	**7,281**	**5,792**

Investment result by investment class and segment (before deduction of technical interest)[1]	Reinsurance				Primary insurance	
	Life		Property-casualty		Life	
€m	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Land and buildings, including buildings on third-party land	5	1	45	11	29	12
Investments in affiliated companies	–	–	-11	1	-2	-1
Investments in associates	4	-1	18	-1	1	-8
Loans	1	1	3	3	345	345
Other securities held to maturity	–	–	–	–	–	1
Other securities available for sale						
Fixed-interest	136	116	505	512	391	503
Non-fixed-interest	-5	65	-14	321	10	-2
Other securities at fair value through profit or loss						
Held for trading						
Fixed-interest	–	–	6	8	14	13
Non-fixed-interest	–	–	–	1	–	–
Derivatives	5	-21	–	-219	264	-3
Designated as at fair value through profit or loss						
Fixed-interest	–	–	–	–	1	8
Non-fixed-interest	–	–	–	–	-1	–
Deposits retained on assumed reinsurance, other investments	30	85	6	-33	16	3
Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–	87	223
Expenses for the management of investments, other expenses	9	8	39	39	43	43
Total	**167**	**238**	**519**	**565**	**1,112**	**1,051**

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

					Munich Health		Asset management		Total	
	Health		Property-casualty							
	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
	9	9	7	7	1	–	1	–	97	40
	-1	-1	–	-6	–	–	-1	6	-15	-1
	11	-1	-3	-9	–	-2	-6	-3	25	-25
	166	153	26	24	–	–	–	–	541	526
	–	–	–	–	–	–	–	–	–	1
	120	116	62	69	24	13	–	–	1,238	1,329
	40	-10	5	9	–	22	-5	–	31	405
	–	–	–	–	–	–	–	–	20	21
	–	–	–	–	–	–	–	–	–	1
	-22	-1	-6	-2	-1	-1	–	–	240	-247
	–	–	–	–	–	–	–	–	1	8
	–	–	–	–	–	–	–	–	-1	–
	-1	8	–	1	1	–	–	1	52	65
	–	–	–	–	–	–	–	–	87	223
	15	11	6	7	1	1	–	–	113	109
	307	**262**	**85**	**86**	**24**	**31**	**-11**	**4**	**2,203**	**2,237**

Investment income by segment (before deduction of technical interest)[1]	Reinsurance				Primary insurance	
	Life		Property-casualty		Life	
€m	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
Regular income	**609**	**526**	**1,489**	**1,478**	**2,385**	**2,449**
Thereof:						
Income from interest	526	499	1,290	1,337	2,202	2,219
Income from write-ups	**349**	**224**	**469**	**525**	**649**	**247**
Gains on the disposal of investments	**379**	**340**	**1,686**	**1,845**	**402**	**639**
Other income	–	–	–	–	**240**	**361**
Total	**1,337**	**1,090**	**3,644**	**3,848**	**3,676**	**3,696**

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

Investment income by segment (before deduction of technical interest)[1]	Reinsurance				Primary insurance	
	Life		Property-casualty		Life	
€m	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Regular income	**220**	**201**	**472**	**505**	**798**	**823**
Thereof:						
Income from interest	190	196	408	470	738	754
Income from write-ups	**115**	**64**	**126**	**81**	**329**	**80**
Gains on the disposal of investments	**111**	**93**	**476**	**466**	**71**	**191**
Other income	–	–	–	–	**74**	**216**
Total	**446**	**358**	**1,074**	**1,052**	**1,272**	**1,310**

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

	Health		Property-casualty		Munich Health		Asset management		Total	
	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
	981	918	302	268	72	54	6	11	5,844	5,704
	874	802	252	251	61	52	4	4	5,209	5,164
	56	29	29	25	18	5	–	–	1,570	1,055
	219	138	227	140	27	36	–	6	2,940	3,144
	–	–	–	–	–	–	–	–	240	361
	1,256	1,085	558	433	117	95	6	17	10,594	10,264

	Health		Property-casualty		Munich Health		Asset management		Total	
	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
	323	292	94	85	24	21	-5	1	1,926	1,928
	294	267	84	85	24	21	1	1	1,739	1,794
	3	6	8	4	5	-1	–	–	586	234
	75	22	38	50	7	16	–	5	778	843
	–	–	–	–	–	–	–	–	74	216
	401	320	140	139	36	36	-5	6	3,364	3,221

Investment expenses by segment (before deduction of technical interest)[1]	Reinsurance				Primary insurance	
	Life		Property-casualty		Life	
€m	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
Write-downs of investments	400	197	567	688	181	815
Losses on the disposal of investments	223	212	807	1,075	158	523
Management expenses, interest charges and other expenses	55	40	172	216	194	168
Thereof: Interest charges	30	15	54	91	18	37
Total	**678**	**449**	**1,546**	**1,979**	**533**	**1,506**

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

Investment expenses by segment (before deduction of technical interest)[1]	Reinsurance				Primary insurance	
	Life		Property-casualty		Life	
€m	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Write-downs of investments	160	52	305	149	73	155
Losses on the disposal of investments	88	53	202	255	50	61
Management expenses, interest charges and other expenses	31	15	48	83	37	43
Thereof: Interest charges	22	3	10	47	6	6
Total	**279**	**120**	**555**	**487**	**160**	**259**

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

Other operating result[1]	Reinsurance				Primary insurance	
	Life		Property-casualty		Life	
€m	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
Other operating income	55	30	219	206	68	78
Other operating expenses	40	30	151	137	91	100

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

Other operating result[1]	Reinsurance				Primary insurance	
	Life		Property-casualty		Life	
€m	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Other operating income	17	7	72	81	27	25
Other operating expenses	11	5	49	63	28	40

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

	Health		Property-casualty		Munich Health		Asset management		Total	
	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
	66	78	48	102	12	7	6	6	1,280	1,893
	215	161	117	90	11	14	–	–	1,531	2,075
	45	49	32	26	4	4	–	1	502	504
	7	12	7	6	1	2	–	–	117	163
	326	**288**	**197**	**218**	**27**	**25**	**6**	**7**	**3,313**	**4,472**

	Health		Property-casualty		Munich Health		Asset management		Total	
	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
	33	22	16	25	7	–	6	2	600	405
	42	21	30	20	4	3	–	–	416	413
	19	15	9	8	1	2	–	–	145	166
	2	3	2	2	–	1	–	–	42	62
	94	**58**	**55**	**53**	**12**	**5**	**6**	**2**	**1,161**	**984**

	Health		Property-casualty		Munich Health		Asset management		Total	
	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
	32	37	53	48	57	47	44	43	528	489
	66	44	159	103	55	41	31	33	593	488

	Health		Property-casualty		Munich Health		Asset management		Total	
	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
	10	14	17	11	22	14	16	12	181	164
	18	20	60	35	21	11	10	9	197	183

Other operating income mainly comprises income of €297m (239m) from services rendered, interest and similar income of €101m (48m), income of €61m (161m) from the release/reduction of miscellaneous provisions and adjustments of values for receivables, and income of €53m (27m) from owner-occupied property, some of which is also leased out. In addition to expenses of €220m (196m) for services rendered, other operating expenses chiefly include interest charges and similar expenses of €99m (86m), other write-downs of €39m (31m), and other tax of €24m (19m). They also contain expenses of €26m (26m) for owner-occupied property, some of which is also leased out.

Other non-operating result, impairment losses of goodwill and finance costs[1]	Reinsurance				Primary insurance	
	Life		Property-casualty		Life	
€m	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
Other non-operating income	561	312	1,151	1,054	204	676
Other non-operating expenses	552	283	1,163	1,070	257	727
Impairment losses of goodwill	–	–	–	–	–	48
Finance costs	54	64	135	143	3	3

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

Other non-operating result, impairment losses of goodwill and finance costs[1]	Reinsurance				Primary insurance	
	Life		Property-casualty		Life	
€m	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Other non-operating income	197	114	399	415	72	106
Other non-operating expenses	128	102	300	393	108	132
Impairment losses of goodwill	–	–	–	–	–	–
Finance costs	18	21	45	47	2	2

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

Other non-operating income is income unrelated to the conclusion, administration or settlement of insurance contracts or the administration of investments. Besides foreign currency exchange gains of €2,866m (2,596m), it contains other non-technical income of €110m (230m).

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 €2,858m (2,633m), they include write-downs of €75m (120m) on other intangible assets and other non-technical expenses of €268m (267m), such as expenses unrelated to the accounting period, project costs and other amounts that cannot be allocated elsewhere and restructuring expenses.

				Munich Health		Asset management		Total	
Health		Property-casualty							
Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009	Q1–3 2010	Q1–3 2009
571	513	217	181	268	84	4	6	2,976	2,826
598	540	339	267	283	123	9	10	3,201	3,020
–	–	109	10	–	40	–	–	109	98
–	–	18	13	8	7	1	1	219	231

				Munich Health		Asset management		Total	
Health		Property-casualty							
Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
204	101	80	27	92	31	1	1	1,045	795
214	96	119	61	73	51	3	3	945	838
–	–	–	–	–	–	–	–	–	–
–	–	6	1	3	2	–	–	74	73

Non-current assets held for sale

As from the financial year 2010, we are presenting disposal groups only if other assets or liabilities besides the non-current asset held for sale will actually be transferred to the respective acquirer. Assets or liabilities which are associated with the transferred asset but which will not be transferred are consequently not allocated to a disposal group. This concerns, for example, certain deferred tax items and provisions for deferred premium refunds.

In the fourth quarter of 2009, with economic effect from 1 January 2010, we sold one of our owner-occupied office properties with a carrying amount of €13m. At the same time, we acquired an office property for own use at a price of €41m.

Also in the fourth quarter of 2009, with economic effect from 1 April 2010, we sold seven residential investment properties with a total carrying amount of €68m.

Besides this, in the fourth quarter of 2009, we decided to sell an investment office property with a carrying amount of €22m. A contract regarding the sale of this property, with economic effect from 1 July 2010, was signed in April 2010.

On 12 April 2010, we sold part of our stake in Helvetia Holding AG, St. Gall. The market value of the shares sold was €119m, the gain on disposal €90m. This transaction reduced our shareholding in the company from around 8.2% to below 3%.

In the third quarter of 2010, we sold four residential investment properties with a total carrying amount of €12m.

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

Related parties

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

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

Number of staff

The number of staff employed by the Group as at 30 September 2010 totalled 24,579 (24,951) in Germany and 22,608 (22,298) in other countries.

Number of staff	30.9.2010	31.12.2009
Reinsurance	11,436	11,309
Primary insurance	30,833	31,145
Munich Health	4,165	4,007
Asset management	753	788
Total	**47,187**	**47,249**

Contingent liabilities, other financial commitments

In comparison with the situation at 31 December 2009, financial commitments of significance for the assessment of the Group's financial position show two main changes: an increase of €159m in investment commitments and an increase of €121m in other commitments under work and service contracts and leasing agreements.

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		Q1–3 2010	Q3 2010	Q1–3 2009	Q3 2009
Consolidated result attributable to Munich Reinsurance Company equity holders	€m	1,955	764	1,761	643
Weighted average number of shares		186,745,783	184,037,739	195,169,883	195,077,680
Earnings per share	€	10.47	4.15	9.02	3.29

Events after the balance sheet date

Warren E. Buffett, Omaha, USA, notified us in October 2010 that his share of the voting rights in Munich Reinsurance Company had exceeded the threshold of 10%. He has informed us that the objective of the investment is to generate trading profits and not to implement strategic objectives.

On the basis of an agreement concluded on 25 October 2010, Munich Re is acquiring, through its subsidiary Munich Health North America Inc., Wilmington, Delaware, the Windsor Health Group Inc., Brentwood, Tennessee. Windsor operates government-sponsored health plans and specialty managed healthcare services in the senior segment. The agreed purchase price for the 100% stake is US$ 125m (€92m) in cash and will be fully financed from our own resources. The transaction is expected to be concluded at the end of the fourth quarter of 2010, provided that the requisite approvals have been obtained from the competent authorities.

On 1 November 2010, through its subsidiary Sterling Life Insurance Company, Bellingham, Washington, Munich Re acquired certain assets and assumed certain risks of Guardian Healthcare Inc., Greenville, South Carolina. Guardian Healthcare Inc. offers various government-sponsored health plans throughout South Carolina. The purchase price consisted of US$ 4m (€2.9m) in cash. The provisional opening balance sheet at the time of acquisition includes US$ 0.2m (€0.1m) in cash with banks, cheques and cash in hand, as well as receivables and unearned premiums in the same amount. Owing to the date of acquisition, it has not yet been possible to undertake the purchase price allocation and thus measure the intangible assets.

Under the share buy-back programme decided on by Munich Reinsurance Company's Board of Management on 7 May 2010, we repurchased a further 0.8 million Munich Re shares with a volume of €85m after the balance sheet date up to the end of October 2010.

Drawn up and released for publication,
Munich, 8 November 2010

The Board of Management

Review report

To Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

We have reviewed the condensed interim consolidated financial statements – comprising the consolidated balance sheet, the consolidated income statement, the statement of recognised income and expense, the Group statement of changes in equity, the condensed consolidated cash flow statement as well as the selected explanatory notes – together with the interim Group management report of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, for the period from 1 January 2010 to 30 September 2010, that are part of the half-year financial report according to § 37 x para. 3 WpHG (German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those IFRSs applicable to interim financial reporting as adopted by the EU, and of the interim Group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim Group management report based on our review.

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

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim Group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, 9 November 2010
KPMG Bayerische Treuhandgesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Klaus Becker
Wirtschaftsprüfer
(Certified public accountant)

Martin Berger
Wirtschaftsprüfer
(Certified public accountant)

Important dates 2011

2011	
10 March 2011	Balance sheet press conference for 2010 financial statements
20 April 2011	Annual General Meeting
21 April 2011	Dividend payment
9 May 2011	Interim report as at 31 March 2011
4 August 2011	Interim report as at 30 June 2011
4 August 2011	Half-year press conference
8 November 2011	Interim report as at 30 September 2011

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Responsible for content
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