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**Statistics**  
**from the Federal Financial Supervisory Authority**  
**(Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin)**  
**– Reinsurance undertakings –**



Zusammensetzung der Kapitalanlagen		Zusammensetzung der Kapitalanlagen		Zusammensetzung der Kapitalanlagen	
Art	Wert	Art	Wert	Art	Wert
1. Staatsanleihen	100.000,00	1. Staatsanleihen	100.000,00	1. Staatsanleihen	100.000,00
2. Kommunale Anleihen	50.000,00	2. Kommunale Anleihen	50.000,00	2. Kommunale Anleihen	50.000,00
3. Unternehmensanleihen	20.000,00	3. Unternehmensanleihen	20.000,00	3. Unternehmensanleihen	20.000,00
4. Aktien	30.000,00	4. Aktien	30.000,00	4. Aktien	30.000,00
5. Sonstige Wertpapiere	10.000,00	5. Sonstige Wertpapiere	10.000,00	5. Sonstige Wertpapiere	10.000,00
<b>Gesamt</b>	<b>210.000,00</b>	<b>Gesamt</b>	<b>210.000,00</b>	<b>Gesamt</b>	<b>210.000,00</b>
Zusätzliche Informationen:		Zusätzliche Informationen:		Zusätzliche Informationen:	
Die Kapitalanlagen sind diversifiziert und entsprechen dem Anlageprofil.		Die Kapitalanlagen sind diversifiziert und entsprechen dem Anlageprofil.		Die Kapitalanlagen sind diversifiziert und entsprechen dem Anlageprofil.	



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Dr. Thomas Steffen, Chief Executive Director of Insurance Supervision

# I Development of reinsurance supervision 2007

## 1 Amendment to the Insurance Supervision Act

### 8th VAG amendment

With the 8th VAG amendment, which came into effect on 2 June 2007, the legislator completely transposed the European Reinsurance Directive into national law. The objective is to establish a harmonised legal framework for the reinsurers of the European Economic Area (EEA). The Directive only applies (with some exceptions) for insurers that are exclusively engaged in reinsurance.

- Supervision in the home country also applies for reinsurers.

One of the key items of the new regulations is the principle of supervision by the home country. The financial regulator now also performs the supervision of the home country, with sole jurisdiction, for business activity that reinsurers pursue in the EEA by way of the freedom of services or establishment. However, all other legal supervision is carried out in collaboration with the relevant authorities of the country of operation. Supervision in the home country is supplemented by the home country principle when granting a licence. The licence enables reinsurers to engage in reinsurance business via branches or service providers in all member and contracting states. An additional licence in the country of operation is no longer necessary.

- Treatment of reinsurers from non-EU countries.

Before the Reinsurance Directive came into effect and was transposed into national law, reinsurers domiciled in a country outside the EEA could operate the reinsurance business in Germany from their home countries or through a branch without any restrictions or supervision by the German supervisory authority.

The European Reinsurance Directive basically leaves it up to the EU member states how to supervise reinsurers from non-EU countries. Article 49 of the Directive merely postulates a ban on preferential treatment, according to which no supervisory regulations may be applied which would be more beneficial to reinsurers from non-EU countries compared to reinsurers domiciled in the country's own territory. In section 121i (1) VAG, German law therefore specified the conditions under which reinsurers from non-EU countries may become active in Germany. These companies must have their registered office in their home countries and must be authorised to operate the reinsurance business. They must also be supervised in their home countries in accordance with internationally recognised principles, and satisfactory collaboration with the competent authorities in the home countries and BaFin must be ensured.

In principle, non-EU reinsurers which are active in Germany are



obliged to prove that the described prerequisites have been met. Different provisions currently apply in the individual EU countries with regard to the authorisation of activities of reinsurers from non-EU countries. From the viewpoint of BaFin, however, a uniform procedure throughout the EU would be preferable – especially with regard to the assessment of the supervision quality of reinsurers in a non-EU country. A newly established working group within CEIOPS, established in early 2008, has been dealing with this topic, which is certainly politically explosive.

● Provisions for financial reinsurance ...

The 8th amendment to the VAG is the first time that the legislator has introduced supervisory provisions for financial reinsurance. As a result, it made use of an option provided for in the Reinsurance Directive: the new general provision for financial reinsurance (section 121e VAG) stipulates that only contracts with adequate risk transfer are deemed to be reinsurance contracts by the supervisory authorities. In addition, the law includes a power to issue statutory instruments, with which the requirements for adequate risk transfer, the accounting procedure as well as reporting requirements may be regulated. A foundation stone for the regulation of financial reinsurance has therefore been laid in Germany, one of the world's leading reinsurance markets. This creates legal certainty in a sector that was hitherto hardly regulated. The legislator will regulate further details within the framework of its power in accordance with section 121e (2) VAG.

● ... and for the special-purpose insurance vehicle introduced for the first time.

Despite the current discussion concerning the role of special-purpose vehicles in connection with the so-called "sub-prime crisis", special-purpose (re)insurance vehicles are playing a growing role in the transfer of underwriting risk. German primary insurers and reinsurers are increasingly making use of this option. Special-purpose vehicles are companies established for the purpose of taking on risks from primary insurers or reinsurers without themselves being primary insurers or reinsurers. However, risk transfer takes place formally by means of a reinsurance contract. The special-purpose vehicles cover loss risk in full by issuing debt instruments or by means of a different financing mechanism. In the process, the company's reinsurance obligations take priority over the lender's repayment claims.

Since it was not possible to establish special-purpose insurance vehicles in Germany until the 8th VAG amendment came into force, the legislator has now also permitted such companies to be founded here under section 121g VAG. In principle, they are supervised in the same way as reinsurers, but with much more lenient requirements compared to reinsurers – e.g. with regard to the legal form, equity capital and the qualification of managers.

If the supervisory requirements are met, reinsurance contracts between primary insurers and reinsurers and the special-purpose insurance vehicles function in the same way as reinsurance contracts with a reinsurer. Recognition in the calculation of the solvency capital is thus possible without restrictions.



Securitisation in the insurance business is a growing sector in which the (re)insurers primarily distribute large risks in the capital market, without which they would not be manageable. The main reason for securitising underwriting risks through a special-purpose insurance vehicle domestically or abroad is thus to transfer the underwriting risk to the capital market. According to the concepts submitted until now, there are thereby no risks comparable to those in the banking sector.

Although the special-purpose vehicle accepts the investment risk for the assets covering the underwriting risk, the term of the securities issued by the special-purpose vehicle is the same as the duration of the accepted risks. Liquidity risks are thus to be excluded due to the term-congruent coverage.

As a rule, the life insurance sector generally transfers longevity or mortality risks in case of pension or life insurance portfolios. At the same time, it is also possible to combine this risk transfer method with the realisation of future income and consequently use it as a financing method. In the non-life insurance sector, mainly natural disaster risks (storms, earthquakes, floods, etc.) are transferred to the capital market via a special-purpose insurance vehicle. However, the main focus here is on insuring against loss events which are rare but very significant in terms of their destructiveness.

The described development demonstrates that the securitisation of insurance risks on the capital market and the special-purpose insurance vehicles will continue to increase in importance. Another driving aspect has arisen, particularly against the background of this risk transfer possibly leading to a reduction in the supervisory capital requirements on the part of the insurers since the 8th VAG amendment.

### **9th VAG amendment**

Besides the risk-management regulations applicable to all insurers (sections 55c and 64a VAG), the 9th VAG amendment did not introduce any significant new regulations. The BaFin reporting obligations which had heretofore applied exclusively to primary insurers were merely extended to reinsurers, branches of non-EU reinsurers and special-purpose insurance vehicles. Accordingly, BaFin must now announce the granting and the revocation of authorisation (sections 119 (4), 121g (2) sentence 1; 121i (2) sentence 4 VAG). This takes place in the monthly BaFinJournal.

Moreover, section 105 (2) VAG now also requires primary insurers based in a non-EU country, which intend to exclusively engage in reinsurance business in Germany, to establish a subsidiary in Germany. This closes a legal loophole which arose through the changes in the 8th VAG amendment. Subsidiaries of a primary insurer based in a non-EU country which are exclusively engaged in reinsurance business in Germany would otherwise be unsupervised. This would unjustifiably disadvantage the subsidiaries of reinsurers

from non-EU countries and simultaneously undermine the privilege of service activities from the non-EU country to Germany which was created for pure reinsurers in section 121i (1) VAG. The transitional regulation created in section 123d VAG for the branches of non-EU primary insurers in Germany provides for a transitional period up to 31 December 2008 for branches of this kind. An application for approval of business operations must be submitted to BaFin by this time. Otherwise, business operations must cease.

## 2 2007 ongoing supervision

### 2.1 Authorised reinsurers

In 2007, BaFin authorised one public limited company to operate the reinsurance business. In the same period, three companies ceased their activities as independent German reinsurers due to the situation stated below. Consequently, the number of pure reinsurers decreased by two overall.

For the 2006 statistics, the annual financial statements of 42 reinsurers (previous year: 44) were incorporated into the reporting on the 2006 financial year, or 2006/2007. These reinsurers are primarily public limited companies, plus a mutual insurance association and three public insurers.

Table 1

#### Number of reinsurers under financial supervision by BaFin

	2007	2006	2005	2004	2003
<b>Reinsurers with business activity</b>	43	45	44	44	46
<b>Reinsurers without business activity</b>	4	4	5	4	4

Concentration in the reinsurance market continued in 2007.

The trend towards greater concentration in the reinsurance market which has been observable on the international level for several years continued in 2007, albeit at a slower pace. In turn, this also affected a German reinsurer. In addition, the "single passport" principle stipulated in the European Reinsurance Directive and subsequently implemented in German supervisory law is increasingly coming into effect: reinsurers which operate globally or across Europe now only have to have one legally independent unit in a single country in the European Union (EU) from which the reinsurance business can then be conducted throughout the EU/EEA.<sup>1</sup> Subsidiaries of reinsurers based in a different EU country were consequently also converted to branches in Germany in 2007. Conversely, German reinsurers which previously owned subsidiaries in another EU country also made use of this possibility. For the companies, this also means a great simplification especially regarding the administrative burden due to supervisory

<sup>1</sup> EEA: European Union countries, plus Iceland, Liechtenstein and Norway.

requirements, risk management and capital allocation within the companies.

### ● Captives in Germany.

German-based captives are generally (re)insurers which (re) insure the risks of the corporate group as subsidiaries of larger multinational companies in most cases. They thus represent a type of self-insurance, because the claims are covered by company-owned capital. Captives can basically be operated in the form of a primary insurer which directly takes on the risks of the group or transfers some of it to reinsurers or as reinsurers. In this case, the risks of the parent company are carried by a normal primary insurer which, however, cedes some of the risks to the group's own captive.

A total of 13 captives are authorised in Germany, including three primary insurance and ten reinsurance captives. In Germany, they are treated like all other (re)insurers. Although Article 40 (2) sentence 2 of EU Directive 2005/68/EC gives Member States the option to lower the minimum requirements regarding own funds to €1 million, Germany did not make use of this possibility.

## 2.2 Economic development in 2007

The global reinsurance sector's financial situation remained relatively unproblematic, because there were not very many severe storms or other loss events in Central and North America in 2007. However, there were many small to medium loss events overall. Prices for reinsurance cover have continued to stabilise. Reinsurers have reacted to the trend for more frequent and higher levels of insurance against catastrophic losses in recent years, in that they adjusted their risk evaluation and their risk modelling of natural catastrophes. The points mentioned had a favourable impact on the business development of German reinsurance. The rating agencies highlighted a stabilisation in financial strength and rewarded the efforts of the industry to improve their practices in risk management. Important rating forecasts for the global sector remained stable and became positive for one company.

Overall, the national reinsurance market can be regarded as very stable based on the current position.

### ● Effect of the sub-prime crisis limited for reinsurers at present.

Based on current knowledge, the sub-prime crisis will not significantly affect the German reinsurance companies. This applies both to investments and to the underwriting business. In relation to the overall capital investments, the portion of investments that could be affected by the sub-prime crisis is considerably below 0.5% for all reinsurance companies.

The effects are even more difficult to forecast for the underwriting business (such as D&O, infidelity). Here, a clear picture will emerge only during the course of 2008. Estimates for the global loss potential in the insurance markets for underwriting losses in relation to the sub-prime crisis currently range from

USD 1.5 billion to USD 20 billion.<sup>2</sup> This clearly indicates the uncertainty regarding possible losses for the reinsurance market overall and for the German reinsurance companies. It is above all the individual exposure to the U.S. market that will be decisive. In general, however, no significant losses are anticipated for German reinsurance companies.

2007 characterised by numerous natural disasters.

The pure number of natural disasters in 2007 was the largest since systematic recording began in 1974. Far more than 900 natural disasters occurred, resulting in economic losses amounting to around USD 75 billion. Approximately USD 30 billion of these losses were insured. Despite the extremely large number of losses, 2007 tended to be an average year in terms of claims. The claims burden was much lower than in the years 2004 and 2005.

Table 2

**Natural disasters in 2007 compared to several preceding years**

Year	Number of events	Fatalities	Overall losses US\$m	Insured losses US\$ m	Major events
1994	680	13,000	89,000	21,000	Earthquake Northridge
1995	615	20,800	172,000	16,000	Earthquake Kobe, floods North Korea
2000	890	10,300	38,000	9,600	Floods UK, typhoon Saomai
2001	720	25,000	40,000	12,000	Tropical storm Allison, hailstorm USA
2002	700	11,000	60,000	14,000	Floods Europe
2003	700	109,000	65,000	16,000	Heatwave Europe, earthquake Bam/Iran
2004	650	235,000	150,000	47,000	Hurricanes Atlantic, typhoons Japan, tsunami
2005	670	101,000	220,000	99,000	Hurricanes Atlantic, earthquake Pakistan
2006	850	20,000	50,000	15,000	Earthquake Yogyakarta/Indonesia
2007	950	15,000	75,000	30,000	Winter storm Kyrill, floods UK

Source: Munich Re NatCatSERVICE

As was often the case in the past, the worst natural disasters – in terms of the associated loss of life – occurred in developing countries and emerging nations: Typhoon “Sidr”, which devastated portions of Bangladesh in November 2007, alone claimed around 3,300 lives.

<sup>2</sup> FAZ from 06.02.2008, Page 15.

As measured by the insured losses, the largest single loss event in Europe was winter storm "Kyrill", which caused insurance losses amounting to around USD 5.8 billion in January 2007. Heavy rainfall caused severe flooding in Great Britain in June and July, resulting in insured losses of around USD 6 billion in total.

Table 3

**The ten largest natural disasters in 2007, measured by total loss**

Date	Country/region	Event	Fatalities	Overall losses US\$ m	Insured losses US\$ m
16.07.2007	Japan	Earthquake	11	12,500	300
18.-20.1.2007	Europe	Winter storm Kyrill	49	10,000	5,800
June – Aug. 2007	China	Floods	650	6,800	
June 2007	UK	Floods	4	4,000	3,000
July 2007	UK	Floods	1	4,000	3,000
4.-8.6.2007	Oman	Cyclone Gonu	70	3,900	650
28.10.-6.11.07	Mexico	Floods	22	3,000	700
October 2007	USA	Wildfires	8	2,500	1,900
15.-17.11.2007	Bangladesh, India	Cyclone Sidr	3,300	2,300	
13.-17.4.2007	USA	Winter storm	23	2,000	1,566

Source: Munich Re NatCatSERVICE

## 2.3 Financial reinsurance

Financial reinsurance was under increased scrutiny by the supervisory authorities in recent years. This is a form of reinsurance in which the transfer of insurance risk from the primary insurer to the reinsurer plays only a subordinate role. Other functions, such as financing effects, are at the forefront.

Financial reinsurance is a necessary and legitimate means of risk management within an insurance company. In the past, however, the potential for abuse has repeatedly shown to be especially high with this form of reinsurance. The supervisory authority therefore maintains a heightened level of sensibility to prevent potentially abusive use of this form of reinsurance. In on-site inspections, special attention continues to be paid to the financial reinsurance relationships for both primary insurers and reinsurers. Moreover, German supervisory law requires insurers to report the use of financial reinsurance separately.

### 3 International

Mutual recognition of supervisory systems over reinsurers currently characterises discussions in international reinsurance supervision. While this was already realised within the EU when the Reinsurance Directive came into force and was implemented, the international situation is very heterogeneous. The treatment of foreign reinsurers ranges from marginal supervisory requirements to full securitisation of liabilities entered into by the foreign reinsurers.

Mutual recognition is so important because large reinsurers are active world-wide based on their business model. For example, the largest German reinsurance companies are active in far more than 100 countries around the world. Until now, these companies have to comply with the supervisory requirements in every country in which they intend to conduct business. Whereas many small countries do not impose any requirements of their own and rely on appropriate supervision in the country where the company has its registered office, larger countries supervise the reinsurer's business separately. The consequence is great bureaucratic and financial effort and expenditure for the companies. In the USA, for example, a foreign reinsurer is forced to reserve collateral in the USA for US liabilities which it enters into.

An attempt is therefore being made at the international level, and especially within the IAIS, to develop a guideline which is to offer instructions for mutual recognition of supervisory systems over the reinsurance industry on a multi-lateral or bi-lateral level. The aim is to develop standards with which a country can qualitatively assess the supervision of another company. This work is scheduled to be completed by autumn 2009 at the latest.

This work, in which BaFin plays a crucial role, for the first time permits the creation of a basis for freeing German reinsurers from additional supervisory requirements and multiple bureaucratic burdens in other countries. Furthermore, it will be possible to reduce the workload of BaFin when it comes to supervising non-EU reinsurance companies in Germany.

Intensive work is also underway within IAIS on papers dealing with financial reinsurance as well as assessment and evaluation of reinsurance cover of primary reinsurers. Additionally, IAIS will prepare an annual report on international developments in the field of reinsurance (Global Reinsurance Market Report). BaFin is also intensively working on these projects and endeavours to incorporate the key items of the German reinsurance supervisory authority in a suitable manner.

## II Statistical evaluation for 2006

To compile the statistics for 2006, BaFin integrated the annual reports from 42 reinsurance companies (previous year: 44) into the reporting on the 2006 financial year. These reinsurers are primarily public limited companies, plus a mutual insurance association and three public insurers.

### 1 Premium situation

Reinsurance cover is offered not only by reinsurers but also by primary insurers. The total gross premiums (GP) from inward reinsurance are distributed between reinsurers and primary insurers as follows:

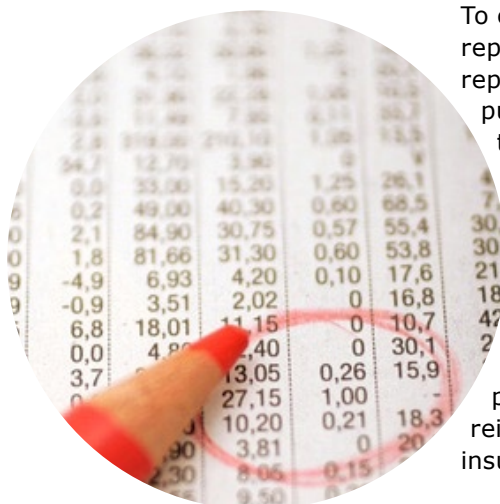
Table 4  
Gross premiums in the reinsurance business

Gross premiums written	Reinsurance companies	Primary Insurers (inward reinsurance business)	Total
Year	€m	€m	€m
2006	43,334.4	4,793.9	48,128.3
2005	45,416.3	3,616.8	49,033.1
2004	47,246.4	3,811.3	51,057.7
2003	52,026.2	3,972.8	55,999.0
2002	54,699.0	3,572.9	58,271.9

The previous years' development in the gross premiums of pure reinsurers continued. After reaching 3.9% in the previous year, the premiums underwent a slightly greater reduction, namely by 4.6%. One of the reasons for this decline in premiums is the continued, strictly risk-oriented underwriting policy of the reinsurers. Another reason was that the premiums for reinsurance cover decreased on a broad scale world-wide – a trend that continued in 2007 and in the renewal season in early 2008.

By comparison, the primary insurers increased their income from premiums by 32.6%. The share of reinsurers in the entire inward insurance business fell to 90% (previous year: 92.6%). The number of primary insurers writing inward reinsurance declined by 174 to 165 companies in the reporting year. 38 of these insurers were life insurers, 13 were health insurers and 112 were property and casualty insurers.

The reinsurers' premium volume decreased both in reinsurance business accepted from domestic ceding insurers (-3.9% to -7.8% in the previous year) and in foreign business (-5.0% to -1.2% in the





previous year). At 60.7%, the share of business accepted by foreign ceding insurers remained nearly unchanged compared to the figure for the previous year (61.0%).

The insurance business assumed from abroad by all domestic insurance companies, at just under €29 billion, was significantly higher, in terms of the gross premiums written, than the insurance business ceded abroad of €7.9 billion. As a result, the domestic insurers made more capacity available to the international reinsurance market than they required themselves. This contributed positively to Germany's balance of service transactions.

Out of the gross premiums written by professional reinsurers, €2.7 billion was apportioned to facultative and €37.6 billion to obligatory reinsurance business respectively. Proportional reinsurance in the form of quota-share and surplus treaties, at 79.6%, amounted to the largest share of the total gross premiums written.

The following list shows a breakdown of the gross premiums written of professional reinsurers by individual insurance classes:

Table 5

**Gross premiums of reinsurers by insurance classes**

Insurance class	2006	2006	2005	2004	2003	2002
	Gross premiums written €m	as % of total gross premiums written				
Accident insurance	1,504.3	3.5	4.0	3.7	4.0	3.8
Liability insurance	4,123.0	9.5	10.5	11.0	12.3	12.7
Motor vehicle insurance	6,608.2	15.3	14.2	14.7	14.8	14.8
Aviation insurance	613.0	1.4	3.0	3.4	3.4	3.3
Fire insurance	6,075.1	14.0	15.4	15.0	16.4	17.8
Transport insurance	1,812.3	4.2	4.1	3.5	3.9	4.4
Credit insurance	1,172.9	2.7	2.6	2.8	3.0	3.3
Aviation liability insurance	1,115.4	2.6	1.6	1.3	1.6	1.4
Other property insurance	5,058.9	11.7	12.0	11.8	11.9	11.7
Other casualty insurance	964.7	2.2	2.1	2.2	2.3	2.7
Property/casualty insurance business	29,047.8	67.0	69.6	69.6	73.6	75.9
Life insurance	12,386.2	28.6	26.8	27.1	22.7	20.4
Health insurance	1,899.1	4.4	3.6	3.4	3.7	3.6
Total volume of insurance business	43,334.4	100.0	100.0	100.0	100.0	100.0

In the portfolio breakdown of reinsurance business for the property and casualty insurance lines, no major changes arose in the reporting year.

Reinsurers ceded €8.6 billion of their gross premiums written, amounting to €43.3 billion, to retrocessionaires. The retrocession ratio therefore stood at 19.9% (previous year: 21.7%).

The gross and net earned premiums of reinsurers by insurance class in the reporting year 2006 can be taken from the annex (Table 641).

## 2 Gross loss ratio

● Total claims burden sank to 58.4%

From the viewpoint of the reinsurers, 2006 was a particularly low-loss year. Most of the severe natural disasters in 2006 affected regions in which the insured loss was much less than the actual damage. There were no major human-caused disasters. The gross loss ratio before run-off consequently fell from 66.1% of the gross earned premiums in 2006 to 51.2%. The positive runoff result of the previous year – particularly of the major storm damage on the east coast caused by Hurricanes “Katrina”, “Rita” and “Wilma” – reduced the overall claims burden to 58.4% (previous year: 73.3%).

The expenses situation of reinsurers improved; the gross expense ratio was 26.9% (previous year: 28.5%). As a result, the lower level of earlier years could be improved.

At 85.3% (previous year: 101.8%; after run-off), the combined claims cost ratio of the reinsurers was very pleasing. The net ratio (89.2%) also improved compared to the previous year's figure (101.8%).

## 3 Technical provisions

● Gross technical provisions decreased to €143.1 billion.

The gross technical provisions decreased by €11.3 billion (7.3%) to €143.1 billion. A higher provision ratio for the business as a whole of 318.6% (previous year: 340.8%) resulted once again in terms of the gross earned premiums.

At €76.6 billion, the provisions for claims outstanding are by far the most significant. This provision decreased by 8.5% compared to the previous year (-€7.2 billion) and now reaches a provision ratio of 170.6% (previous year: 184.7%). These numbers reflect the lower claims burden for 2006 on the one hand and, on the other, the ongoing settlement of catastrophic losses from 2005. The premium reserve decreased by €2.7 billion (5.9%) to €42.3 billion. The biggest share in the technical provisions for claims outstanding was apportionable, as in the previous year, to liability insurance at €24.7 billion (31.6% of the entire gross provisions of the reinsurers for claims outstanding); motor vehicle insurance, at €17.9 billion (22.9%) and fire insurance, at €8.6 billion (11.1%).

The positive loss experience is also reflected in the equalisation provisions to which funds had to be provided on a wide front due to the occurring claims shortfall; and it increased by 4.2% as the result of allocations. It was €15.7 billion (previous year: €15.1 billion) at the end of the reporting year. This corresponds to 43.58% of the net earned premiums (previous year: 42.2%) or 11% of all technical provisions (previous year: 9.8%).

Refer to Tables 630 and 631 in the table section for further details.

## 4 Overall underwriting result

The following table shows the underwriting result of the professional reinsurers:

Table 6  
Underwriting result of the individual insurance classes

Insurance class	2006	2006	2005	2004	2003
	€m	as percentage of the corresponding premiums			
Accident insurance	-682.6	-44.4	-53.5	3.0	6.4
Liability insurance	77.1	1.8	-20.0	-8.5	-1.8
Motor vehicle insurance	-474.3	-7.2	4.3	0.0	-1.4
Aviation insurance	278.1	42.3	25.1	31.2	27.8
Fire insurance	2,144.7	34.5	-14.0	24.6	24.4
Transport insurance	-365.4	-20.1	-38.4	3.8	13.4
Credit insurance	158.6	13.1	30.8	23.8	16.7
Aviation liability insurance	251.7	20.9	48.4	63.3	36.8
Other property insurance	872.2	17.0	-8.6	*	*
Other casualty insurance	165.7	17.4	2.6	*	*
Property/casualty insurance business	2,425.8	8.2	-8.7	11.4	11.1
Life insurance	990.8	7.4	4.6	3.8	3.3
Health insurance	62.3	3.2	-1.5	1.4	2.6
Total insurance business, gross result	3,478.3	7.7	-4.9	9.0	9.0
Retro result	-1,910.0	-21.5	5.5	-27.9	-26.1
Net result 1	1,563.3	4.3	-4.7	3.8	4.3
Change in the provision for impending losses	0.5	0.0	0.0	0.0	0.1
Change in the equalisation provision <sup>1)</sup>	-1,102.9	-3.1	-0.8	-5.6	-10.6
Net result 2	465.9	1.3	-5.6	-1.7	-6.3

<sup>1)</sup> Including similar provisions.

\* It is not easy to determine the previous year's figures, since the insurance class "Other property insurance" has been added and the new insurance classes have been included in the insurance class "Other property insurance" which previously had to be reported on separately.

In 2006, the reinsurers achieved a gross underwriting profit of €3.5 billion (previous year: -€2.2 billion). This corresponds to 7.7% of the gross earned premiums (previous year: -4.9%). The improved result was largely due to the significantly lower burden by large losses. Only eight of the 43 reinsurers posted a gross underwriting loss in the reporting year.

In 2006, the primary insurers were again able to book gross underwriting profits of €563 million (14.1% of the gross earned premiums).

In 2006, reinsurers improved the gross underwriting result thanks to the lower number of major loss events.

Among the professional reinsurers, the reinsurance business accepted from domestic ceding insurers made a positive contribution to the result, as in the previous year. In 2006, the reinsurance business accepted from domestic ceding insurers again provided an improved gross underwriting surplus in the amount of €2.2 billion and thus 12.5% of the earned domestic premiums (previous year: €1.8 billion; 10.2%). In the reinsurance business accepted from foreign ceding insurers, it was now possible to post gross earnings of €1.3 billion (4.8%) after the significant gross underwriting losses of the previous year (-€4.1 billion; 14.8% of the earned foreign premiums), largely due to hurricanes "Katrina", "Rita" and "Wilma".

Since retrocessionaires had significantly contributed to the easing of reinsurers' losses in previous years, they were underproportionately participating in the losses of the ceding insurers in the reporting year. A negative balance of €1.9 billion (21.5% of retrocession cessions) thus resulted for the reinsurers to the benefit of the retrocessionaires). The reinsurers retained a net underwriting profit (= result 1) in the amount of €1.6 billion, which corresponds to 4.3% of the net earned premiums (previous year: -€1.7 billion; -4.7%).

At €1.1 billion in the reporting year (-3.1% of the net earned premiums), significantly higher premiums than in the previous year were allocated to the equalisation provision and the provisions for nuclear and pharmaceutical risks, which benefited the balancing of risks in the period. Only €0.5 million was withdrawn from the provisions for unexpired risks. Despite the increased allocation to the equalisation provision, the net underwriting result – result 2 – after participation of the retrocessionaires and changes due to allocations to or withdrawals from the equalisation provision and the provisions for unexpired risks, (1.3% of the net earned premiums), became positive at €0.5 billion and has improved considerably (previous year: -€1.9 billion; -5.6%).

The net underwriting results achieved in the reporting year for each insurance class – prior to and after changes in the equalisation provision and similar provisions – are listed in Table 641 in the table section.

## 5 Net result

The following overview shows the breakdown of the net results of reinsurers in relation to the net earned premiums.

Table 7  
**Breakdown of the net results**

Item	2006	2006	2005	2004	2003
	€m	as % of net premiums earned			
1. Net underwriting result 1	1,563.30	4.3	-4.7	3.8	4.3
9. Special allocation to loss provision	-0.4	0.0	-1.0	-0.8	-0.7
2. Change in the equalisation provision, etc.	-1,102.90	-3.1	-0.8	-5.6	-10.6
3. Net underwriting result 1a	460.0	1.3	-6.5	-2.6	-7.0
(4. current investment income <sup>1)</sup> )	10,994.60	-30.5	(-22.6)	-22.0	-44.0
(5. current investment expenses)	2,577.20	-7.2	(-5.3)	(-5.1)	(-7.3)
6. Current net investment income <sup>1)</sup>	8,417.30	23.4	17.3	17.0	36.7
7. Other income from ordinary activities	-1,863.70	-5.2	-5.6	-3.8	-2.8
8. Operating result	7,013.70	19.5	5.2	10.6	26.8
10. Extraordinary result (incl. provision for impending losses)	289.2	0.8	1.6	-0.7	-22.6
11. Annual result before taxes	7,302.90	20.3	6.7	9.8	4.3
12. Taxes	-45.4	-0.1	-1.7	-0.8	-0.9
13. Annual result after taxes	7,257.50	20.2	5.0	9.0	3.4
14. Profits or losses carried forward	-1.2	0.0	0.2	-0.8	-0.8
15. Change in reserves	-2,817.60	-7.8	2.1	-2.5	-0.7
16. Net result	4,438.70	12.3	7.3	5.7	1.9

<sup>1)</sup> Without the technical interest income (2006: €2.0 billion).

The investment volume rose slightly by 1.1% to around €238 billion in 2006.

More than half of the investment income originated from income from participations and shares in affiliated companies in 2006.

The investment volume of reinsurers (including deposit receivables) increased by 1.1% to €237.5 billion in 2006 (previous year: €234.8 billion). The current investment income<sup>3</sup>, at €13.0 billion (36.0% of the net earned premiums), rose by 27.4%. The current yield of investments, in terms of the average investments portfolio, (including deposit receivables) amounted to 5.5% (previous year: 4.5%).

By far the overwhelming part of the current investment income, at 52.7%, was apportionable to income from participations and shares in affiliated companies, i.e. from distributions of profit. This type of income predominated primarily due to the holding company

<sup>3</sup> Including the technical interest to be accounted in the underwriting profit and loss account, but excluding income from the disposal of investments and write-ups and release of the special account with reserve characteristics.

function simultaneously practised by some reinsurers in addition to the reinsurance activity. A further 15.2% of the current investment income was achieved from the interest on deposit receivables. The income from bearer bonds and fixed-interest securities accounting for 14.8% of the total, and from shares accounting for 6.8%, was also significant. The current investment expenses, i.e. the scheduled depreciation and amortisation expense and the expenditures for administration, have also increased and are now €2.4 billion.

- Better yield compared to the previous year.

Overall, reinsurers achieved current net income<sup>4</sup> from investments of €10.4 billion in 2006 (28.9% of net earned premiums). The current net yield amounted to 4.4% in relation to the average portfolio of investments including deposit receivables.

Taking other investment income into account, such as capital gains, write-ups and income from the release of the special account with reserve characteristics of €2.4 billion, as well as other expenses of €1.7 billion, such as capital losses, non-scheduled depreciations and transfers of losses, the overall investment result has improved to €9.7 billion. The net yield in relationship to the average portfolio of investments including deposit receivables was 4.1% and thus higher than in the previous year.

An overview of the performance of the individual investment types is found in the tables section (Table 610).

- Balance from exchange-rate gains and losses again positive

The other periodic result that makes up the general portion of the profit and loss account decreased slightly with a loss of -€1,863.7 million (-5.2% of the net earned premiums) (previous year: -€1,992.6 million; -5.6%). This was essentially due to the fact that the balance from exchange rate gains and losses, at €89 million in the reporting year, turned out to be significantly better than in the previous year (-€279 million). Overall, the reduced loss is due to a greater increase in the other income compared to the other expenses.

- Operating result improved significantly from €1.8 billion to €7.0 billion.

The operating result<sup>5</sup> increased significantly compared to the previous year to €7,013.7 million (19.5% of the net earned premiums; previous year: €1,847.6 million; 5.2%). The improved result was due to both the net underwriting profit and the greatly increased current net investment income.

- Net profit before taxes increased to €7.3 billion.

The non-periodic result<sup>6</sup> deteriorated to €289.2 million (0.8% of the net earned premiums; previous year: €558.7 million). Essentially, this was due to losses which were not transferred to the parent company (previous year: €139 million) and increased profit transfers amounting to €426 million (previous year: €353 million). The provision for unexpired risks was dissolved (-€5.5 million). Negligible extraordinary income and expenses were recorded in the reporting year. Along with

<sup>4</sup> Current investment income net of current investment expenses including technical interest.

<sup>5</sup> Sum of the current net investment income, the other periodic general result and the net underwriting result 1 a (after special allocation to the reserve for outstanding insurance claims (ER), after the equalisation reserve but before the provision for impending losses).

<sup>6</sup> Essentially: change to the reserve for impending losses, balance from the disposal of investments, write-ups and changes to the special account with reserve characteristics.

The unappropriated surplus after allocations to provisions and accumulated losses brought forward was €4.4 billion.

the operating result, a significantly higher profit for the year before tax of €7,302.9 million ensued (20.3% of net earned premiums).

The profit after tax for the year amounted to €7,257.5 million. This corresponds to 20.2% of net earned premiums. After taking into account the allocations to provisions amounting to €2,817.6 million (7.8%) and the accumulated losses brought forward amounting to €1.2 million, a significantly increased unappropriated surplus of €4,438.7 million or 12.3% of net earned premiums resulted for reinsurers as a whole (previous year: €2,586.8 million; 7.3%).

From all reinsurers included in the study, 3 companies (previous year: eight) showed a loss for the year in the reporting year and 3 companies (previous year: six) a balance sheet deficit. Special factors applied to these companies.

## 6 Current value of investments 2006

In accordance with section 54 of the German Ordinance on Insurance Accounting<sup>7</sup>, insurers have to indicate investments, which are shown in the balance sheet at the acquisition cost, in one total in the annex to their annual reports at the current value. Registered debentures, mortgage loans and other receivables shown in the balance sheet at the nominal value in accordance with section 341c (1) of the German Commercial Code (Handelsgesetzbuch – HGB) are excluded from a current value statement.

Insurance companies have to disclose the current values to BaFin separately by type of investment. BaFin's 2006 insurance statistics report on the current values of the investments of primary insurers. The figures of reinsurers for 2006 are now also available. The following picture is derived for the reinsurers:

Table 8  
Current values of the reinsurers

Reinsurance companies	Book value		Current value		Hidden reserves	
	abs. €m	share in %	abs. €m	share in %	abs. €m	% of book value
Real property, equivalent rights and buildings	1,591	0.7	3,733	1.3	2,142	134.6
Investments in affiliated companies and participating interests	102,174	43.0	151,264	51.0	49,090	48.0
Shares	7,500	3.2	13,127	4.4	5,627	75.0
Fund units	15,648	6.6	16,846	5.7	1,198	7.7
Bearer bonds and other fixed-income securities	48,352	20.4	48,897	16.5	544	1.1
Other investments	62,277	26.2	62,759	21.2	482	0.8
Total investments	237,543	100.0	296,625	100.0	59,083	24.9

<sup>7</sup> RechVersV, Verordnung über die Rechnungslegung von Versicherungsunternehmen.



From the valuation reserves as at 31 December 2006 amounting to €59.1 billion, approximately 87% was apportioned to real property, rights and buildings equivalent to real property as well as to investments in affiliated companies and participations. These investments are not marketable at all or only with difficulty, as self-used commercial properties or group holdings are involved for the most part. The hidden reserves in shares and investment trust units (12%) are heavily dependent on the development of the capital markets.

The timing between reporting year and publication of BaFin's annual report limits the informative value of this point-in-time analysis and allows no conclusions to be drawn on the current situation. BaFin monitors particularly intensively the development of hidden reserves, the effects on the earnings situation as well as the economic position of the insurance companies overall due to the vulnerability of insurance companies with regard to unforeseeable (extreme) developments in the capital markets – particularly price declines with shares and investment trust units with a low interest rate level at the same time.

## 7 2006 equity capital and own funds

● The equity capital of reinsurers rose to €66.3 billion.

The available equity capital of reinsurers excluding outstanding contributions to the subscribed capital increased by €8.7 billion to €66.3 billion in 2006. At 15.1%, the increase far exceeded the values of the previous year. As the premiums continued to decline slightly, the equity capital rates increased significantly.

● Reinsurers had own funds of €67.7 billion.

The solvency of reinsurers supervised in Germany was €67.7 billion at the end of 2006 (previous year: €47.6). The solvency margin amounted to €6.7 billion on the same date (previous year: €6.2 billion). This corresponds to a solvency margin ratio of 1008% (previous year: 765.4%). The cause for these high own funds is the special feature that a few large reinsurers in Germany at the same time exercise the holding company function over an insurance group or a financial conglomerate. A considerable part of the own funds with these companies is not necessary for the coverage of the reinsurance activity, but for the financing of the holding company function. Even if the figures are adjusted by the 13 large holding companies, an average cover rate of 365% still arises for the reinsurers supervised in Germany (previous year: 279%), which is therefore well above the required target amount.



## III Table section for 2006

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**Consolidated balance sheet for the industry**  
Reinsurance undertakings

Balance sheet items	2006		2005		2004		
	€ '000	% <sup>1)</sup>	€ '000	% <sup>1)</sup>	€ '000	% <sup>1)</sup>	
1	2	3	4	5			
<b>Assets</b>							
1. Subscribed capital unpaid		13,073	0.01	18,884	0.01	20,456	0.01
2. Intangible assets		327,831	0.13	342,895	0.14	384,532	0.16
3. Investments, if not reported under no. 4		185,553,700	72.29	176,496,771	69.83	159,162,580	68.03
4. Deposits with ceding undertakings		51,977,492	20.25	58,334,786	23.08	57,517,673	24.58
5. Receivables (direct business) from policyholders		-	-	-	-	-	-
6. Receivables (direct business) from intermediaries		-	-	-	-	-	-
7. Accrued interest and rent		973,086	0.38	918,520	0.36	835,750	0.36
8. Other assets		17,822,115	6.94	16,657,582	6.59	16,046,966	6.86
<b>Liabilities</b>							
1. Equity		66,356,117	25.85	57,653,376	22.81	55,126,897	23.56
2. Cap. repr. by part. rights and subord. liabilities		12,336,305	4.81	11,144,242	4.41	9,017,148	3.85
3. Special item with an equity portion		17,516	0.01	21,479	0.01	20,228	0.01
4. Net technical provisions		121,835,414	47.47	129,396,204	51.19	120,152,901	51.35
5. Deposits retained on reinsurance ceded		7,652,099	2.98	8,278,071	3.27	7,964,986	3.40
6. Payables (direct business) to policyholders		-	-	-	-	-	-
7. Other liabilities		48,469,846	18.88	46,276,067	18.31	41,685,796	17.82
<b>Balance sheet total</b>		256,667,297	100.00	252,769,439	100.00	233,967,956	100.00
<b>Number of companies</b>		43		43		44	

1) in % of balance sheet total

**Investments schedule (excl. deposits with ceding undertakings) 2006**  
Reinsurance undertakings

Table 610

Type of investment	Balance at beginning of period <sup>1)</sup>		Additions			Reversal of impairment losses- €m	Reclassifications €m	Disposals €m	Write-downs €m	Balance at end of period		
	€m	% <sup>2)</sup>	€m	% <sup>2)</sup>	% <sup>3)</sup>					€m	% <sup>2)</sup>	% <sup>4)</sup>
1	2	3	4	5	6	7	8	9	10	11	12	13
Real property and equivalent rights and buildings	1,742	1.0	29	0.0	1.7	8	-	146	43	1,591	0.9	-8.7
Shares in affiliated companies	93,447	54.2	24,994	19.7	26.7	69	0	20,629	300	97,583	52.6	4.4
Loans to affiliated companies	3,438	2.0	707	0.6	20.6	2	1	888	47	3,212	1.7	-6.6
Participating interests	1,125	0.7	342	0.3	30.4	5	-25	82	25	1,330	0.7	18.2
Loans to companies in which a participating interest is held	44	0.0	544	0.4	1244.7	0	-1	535	2	50	0.0	14.4
Shares	6,714	3.9	34,252	26.9	510.1	162	-	33,608	20	7,500	4.0	11.7
Fund units	16,046	9.3	3,657	2.9	22.8	244	-	4,282	18	15,648	8.4	-2.5
Other variable yield securities	569	0.3	145	0.1	25.4	0	25	142	15	582	0.3	2.2
Bearer bonds and other fixed-interest securities	41,992	24.3	51,889	40.8	123.6	7	-10	44,900	626	48,352	26.1	15.1
Loans secured by mortgages, land charges and capital annuity charges	17	0.0	1	0.0	3.1	-	-	4	-	13	0.0	-22.6
Registered bonds	1,824	1.1	667	0.5	36.6	-	-5	259	-	2,227	1.2	22.1
Debt certificates and loans	2,162	1.3	2,788	2.2	129.0	-	-	2,198	0	2,752	1.5	27.3
Loans and prepayments on insurance certificates	-	-	-	-	-	-	-	-	-	-	-	-
Other loans	330	0.2	131	0.1	39.7	-	-27	166	-	269	0.1	-18.7
Deposits with credit institutions	2,684	1.6	1,860	1.5	69.3	-	-	624	0	3,920	2.1	46.0
Other investments	372	0.2	5,189	4.1	1396.5	-	42	5,028	49	525	0.3	41.4
<b>Total investments</b>	<b>172,505</b>	<b>100.0</b>	<b>127,194</b>	<b>100.0</b>	<b>73.7</b>	<b>487</b>	<b>-</b>	<b>113,489</b>	<b>1,144</b>	<b>185,554</b>	<b>100.0</b>	<b>7.6</b>
<b>Number of companies</b>												

1) Exchange rate value as at the end of financial year

2) in % of total investments

3) in % of balance at beginning of period

4) change (balance at beginning less balance at end of period) in % of balance at beginning of period

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## Equity, capital represented by participation rights and subordinated liabilities

Reinsurance undertakings (in € '000)

Table 620

Balance sheet items	Total 2006	Total 2005
1	2	3
1. Subscribed capital <sup>1)</sup>	4,647,079	4,766,954
2. Capital reserves	41,282,944	37,720,568
of which pursuant to section 5 (5) no. 3 VAG	-	-
3. Revenue reserves:		
a) legal reserves <sup>2)</sup>	41,274	33,432
b) reserves for treasury shares	37,993	30,521
c) statutory reserves	130,125	110,096
d) reserves pursuant to section 58 (2a) AktG	-	-
e) other reserves	15,787,487	12,416,380
4. Acc. profit carried forward <sup>3)</sup>	2,168	3,025
Acc. loss carried forward <sup>3)</sup>	7,515	28,223
5. Net profit for the year <sup>3)</sup>	176,392	57,277
Net loss for the year <sup>3)</sup>	-	53,254
6. Unappropriated profit <sup>3)</sup>	4,261,183	2,611,033
Unappropriated loss <sup>3)</sup>	3,013	14,433
Total equity	66,356,117	57,653,376
- less capital not yet paid in	13,073	18,884
Total equity available	66,343,044	57,634,491
Equity in % of gross premiums written	153.1	126.9
Equity in % of net premiums written	191.1	162.2
Capital represented by participation rights	511,492	512,661
Subordinated liabilities	11,824,813	10,631,581
<b>Number of companies</b>	43	43

- 1) initial fund for mutual insurance associations; item equivalent to subscribed capital for insurance undertakings under public law
- 2) loss reserve pursuant to section 37 VAG for mutual societies; safety reserve for insurance undertakings under public law
- 3) pursuant to section 268 (1) HGB, items 4 and 5 are replaced by item 6 if the principle of *teilweise Gewinnverwendung* (partial appropriation of profits) is applied

**Technical provisions**  
Reinsurance undertakings

Balance sheet items	2006		2005		2004	
	Gross in € '000	Net in € '000	Gross in € '000	Net in € '000	Gross in € '000	Net in € '000
1	2	3	4	5	6	7
1. Unearned premiums	6,643,473	5,649,367		8,911,507	8,369,671	7,144,453
2. Mathematical provisions	42,318,060	36,027,413		44,989,686	48,964,138	42,996,405
3. Provisions for claims outstanding, surrenders, refunds and sums granted upon withdrawal	76,629,692	63,022,198		83,793,008	67,104,144	54,041,745
4. Provision for bonuses and rebates	123,280	72,916		151,401	130,054	95,710
5. Equalisation provision and similar provisions	15,695,430	15,695,430		15,061,877	14,713,312	14,713,312
6. Other technical provisions	1,711,317	1,368,090		1,527,501	1,525,035	1,217,225
Total	143,121,252	121,835,414		154,434,979	140,806,354	120,208,879
<b>Number of companies</b>		43		43		44



## Technical provisions

### Reinsurance undertakings 2006

Table 631

Insurance classes	No.	Gross unearned premiums		Gross provision for claims				Equalisation provision	
		€m	% <sup>2)</sup>	€m	FY % <sup>2)</sup>	prev. years €m	% <sup>2)</sup>	€m	% <sup>3)</sup>
1	2	3	4	5	6	7	8	9	10
Life	25	1,417.1	10.6	1,581.2	11.8	1,447.8	10.8	4.5	0.0
Health	15	79.4	4.1	238.5	12.3	185.6	9.5	3.4	0.2
Accident	24	157.2	10.2	588.3	38.3	4,803.3	312.8	174.1	14.5
Liability	29	799.8	18.8	2,079.8	49.0	22,655.7	533.7	2,479.9	70.6
Motor	24	620.1	9.4	3,111.6	47.1	14,795.6	223.8	1,889.5	37.0
Aviation	16	198.5	30.2	155.3	23.6	1,164.5	177.0	203.0	47.1
Fire	32	1,035.8	16.7	2,101.3	33.8	6,581.7	105.9	4,613.7	95.6
Transport	26	266.4	14.7	530.9	29.2	3,202.0	176.2	322.8	22.8
Credit	19	300.1	24.8	395.5	32.7	1,233.6	101.9	1,048.0	102.4
Aviation liability									
Other property insurance	12	421.4	34.9	306.4	25.4	2,816.1	233.4	1,621.3	196.7
Other casualty insurance	31	1,229.5	24.0	1,700.4	33.2	3,604.2	70.3	2,576.9	66.5
	31	248.8	26.1	265.7	27.9	2,700.9	283.5	560.4	85.4
<b>Total</b>	<b>43</b>	<b>6,774.2</b>	<b>15.1</b>	<b>13,054.7</b>	<b>29.1</b>	<b>65,191.0</b>	<b>145.1</b>	<b>15,497.6</b>	<b>43.0</b>

1) incl. mathematical provision for pension and gross provision for surrenders, refunds and withdrawals outstanding

2) incl. provision for impending underwriting losses

3) in % of gross premiums earned

**Table 640**  
**Profit and loss account (selected items)**  
**Reinsurance undertakings**

Item	2006		2005		2004	
	€ '000	in % <sup>1)</sup>	€ '000	in % <sup>1)</sup>	€ '000	in % <sup>1)</sup>
	2	3	4	5	6	7
1. Gross premiums written	43,334,440		45,416,257		47,246,372	
of which accepted from foreign ceding insurers	26,310,991	60.7	27,698,849	61.0	28,020,328	59.3
2. Gross premiums earned	44,914,960	100.0	45,380,657	100.0	47,184,056	100.0
3. Net premiums earned	36,014,589	80.2	35,672,941	78.6	37,126,533	78.7
4. a) Gross claims expense of the financial year	22,989,876	51.2	30,004,146	66.1	26,599,445	56.4
b) Net claims expense of the financial year	19,307,440	53.6	22,964,820	64.4	22,157,562	59.7
5. a) Gross claims expense of the financial year <sup>2)</sup>	26,235,069	58.4	33,284,563	73.3	28,441,645	60.3
b) Net claims expense of the financial year <sup>2)</sup>	22,083,997	61.3	25,781,896	72.3	24,021,172	64.7
6. a) Gross operating expenses	12,072,173	26.9	12,910,804	28.5	12,922,567	27.4
b) Net operating expenses	10,052,163	27.9	10,506,241	29.5	10,684,171	28.8
7. a) Gross underwriting result <sup>3)</sup>	3,478,764	7.7	-2,226,290	-4.9	4,237,174	9.0
b) Gross underwriting result <sup>4)</sup>	1,568,847	4.4	-1,687,346	-4.7	1,430,444	3.9
8. Investment income	15,391,423	42.7	15,190,149	42.6	12,462,930	33.6
of which: current income <sup>5)</sup>	12,974,490	36.0	10,184,048	28.5	10,252,867	27.6
9. Investment expense	4,283,422	11.9	6,100,636	17.1	4,095,717	11.0
of which: current expense <sup>5)</sup>	2,577,231	7.2	1,881,069	5.3	1,876,427	5.1
10. Net profit / loss for the year <sup>6)</sup>	7,348,774	20.4	1,816,741	5.1	3,359,698	9.0
<b>Number of companies</b>	43		43		44	

1) in % of gross premiums earned; of which item 1 in % of total gross premiums written; items 4 b), 5 b), 6 b), 7 b), 8, 9 and 10 in % of net premiums earned

2) including result from gross claims provisions (CP) carried forward from previous year and used for settlement of insurance claims outstanding

3) before gross expenses for bonuses

4) before change in the equalisation provision and similar provisions; corresponds to item I.9 Formblatt 2 RechVersV

5) in accordance with attribution in NW 201 of BerVersV

6) corresponds to item II.14 Formblatt 2 RechVersV

**Summary of individual insurance classes**  
Reinsurance undertakings 2006

Table 641

classes	No.	Gross premiums earned		Net premiums earned		Claims expense of the FY <sup>1)</sup>						Operating expense			Underwriting result			
		€ '000	%	€ '000	%	of the FY		of the FY <sup>1)</sup>		gross in % <sup>3)</sup>	net in % <sup>4)</sup>	gross in % <sup>3)</sup>	net in % <sup>4)</sup>	gross in % <sup>3)</sup>	net in % <sup>4)</sup>	gross in % <sup>3)</sup>	net in % <sup>4)</sup>	net <sup>5)</sup> in % <sup>6)</sup>
						7	8	9	10									
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>				
Life	25	13,393,809	29.8	11,428,050	85.3	42.5	46.0	46.6	50.0	25.3	26.8	7.4	4.8	4.8				
Health	15	1,945,214	4.3	1,708,456	87.8	69.4	70.4	74.8	74.8	22.5	24.6	3.2	1.1	1.1				
Accident	24	1,535,632	3.4	1,203,760	78.4	43.5	47.7	91.0	106.4	37.7	39.9	-44.4	-59.5	-59.3				
Liability	29	4,245,015	9.5	3,514,260	82.8	55.7	57.1	67.4	67.9	30.8	30.9	1.8	1.3	5.4				
Motor	24	6,611,339	14.7	5,109,041	77.3	78.0	79.9	82.1	85.7	24.8	24.6	-7.2	-10.4	-9.6				
Aviation	16	658,023	1.5	431,527	65.6	32.0	28.5	39.9	43.6	17.8	21.6	42.3	34.8	46.0				
Fire	32	6,212,551	13.8	4,827,962	77.7	44.6	46.0	39.0	39.4	25.4	26.4	34.5	33.5	10.1				
Transport	26	1,817,145	4.0	1,412,914	77.8	36.8	39.2	91.5	96.2	28.6	30.0	-20.1	-26.2	-21.5				
Credit	19	1,211,075	2.7	1,023,937	84.5	46.0	50.1	50.8	52.0	36.4	37.5	13.1	10.9	6.3				
Aviation liability	12	1,206,430	2.7	824,417	68.3	27.4	26.8	57.4	63.0	21.7	25.6	20.9	11.3	-18.5				
Other property insurance	31	5,126,141	11.4	3,873,874	75.6	54.0	57.4	53.1	57.3	29.0	29.4	17.0	12.7	13.9				
Other casualty insurance	31	952,587	2.1	656,392	68.9	48.3	49.4	49.5	50.1	33.0	33.1	17.4	16.2	12.4				
<b>Total</b>	<b>43</b>	<b>44,914,960</b>	<b>100.0</b>	<b>36,014,589</b>	<b>80.2</b>	<b>51.2</b>	<b>53.6</b>	<b>58.4</b>	<b>61.3</b>	<b>26.9</b>	<b>27.9</b>	<b>7.7</b>	<b>4.4</b>	<b>4.4</b>				

1) including result from gross claims provisions (CP) carried forward from previous year and used for settlement of insurance claims outstanding

2) in % of total gross premiums earned

3) in % of gross premiums earned

4) in % of net premiums earned

5) before change in equalisation provision and similar provisions; corresponds to item I.9 Formblatt 2 RechVersV

6) after change in equalisation provision and similar provisions; corresponds to item I.11 Formblatt 2 RechVersV

1) Table 660 (1)  
**Selected financial ratios of reinsurance undertakings 2006**  
 ranked according to gross premiums earned

Ranking	Name of insurer	Gross premiums earned		Net premiums earned		Claims ratio <sup>2)</sup>		CP ratio <sup>3)</sup>		Expense ratio <sup>4)</sup>		Net u.w. result		Investments <sup>7)</sup>		Net result	
		€m	3	€m	4	gross in % <sup>11)</sup>	net in % <sup>12)</sup>	gross in % <sup>11)</sup>	net in % <sup>12)</sup>	gross in % <sup>11)</sup>	net in % <sup>12)</sup>	before eq. prov. <sup>5)</sup> in % <sup>12)</sup>	after eq. prov. <sup>6)</sup> in % <sup>12)</sup>	Balance at end of FY in €m	Current yield <sup>8)</sup> in %	Net yield <sup>9)</sup> in %	Net result <sup>10)</sup> in % <sup>12)</sup>
1	2	INDUSTRY	44,915	36,015	5	6	7	8	9	10	11	12	13	14	15	16	20.4
1	MÜNCHEN: RÜCK	19,018	17,838	66.5	67.6	171.6	171.9	29.0	29.2	2.8	-0.7	73,781	4.2	4.4	9.5		
2	HANNOVER RÜCK	7,729	5,685	58.1	61.3	143.5	155.0	21.8	24.5	2.6	0.0	18,500	4.2	4.5	3.4		
3	ALLIANZ SE	4,450	2,943	59.4	64.9	168.6	183.0	25.9	26.9	10.7	12.4	84,624	7.0	4.6	136.5		
4	E+S RÜCK	2,461	1,841	61.5	69.6	153.7	166.1	18.8	22.6	1.9	-2.6	7,737	3.2	3.7	3.8		
5	KOELNISCHE RÜCK	1,931	1,861	64.4	66.3	201.7	204.5	30.0	30.2	7.2	2.5	8,215	4.3	4.0	7.0		
6	SWISS RE GERMANY	1,786	513	56.9	54.9	224.2	238.7	29.4	11.9	33.0	26.4	2,582	3.8	4.6	-		
7	AMB GENERALI HOLDING	1,471	1,191	55.4	59.0	72.1	58.3	30.7	33.8	2.9	-3.9	9,172	5.1	4.4	13.8		
8	SWISS RE FRANKONA	1,060	732	60.5	63.0	453.8	442.8	24.2	31.8	14.5	22.4	5,592	4.2	3.4	10.6		
9	SCOR GLOBAL LIFE	748	600	54.3	56.2	11.5	13.8	27.3	25.6	2.0	2.0	3,758	4.9	4.9	8.4		
10	R+V VERS.	714	656	69.8	71.3	122.0	111.8	26.9	26.9	2.4	-6.4	2,656	7.2	6.6	18.5		
11	SCOR RÜCK	664	509	51.6	56.1	92.9	97.2	34.3	37.7	6.1	-0.7	1,661	4.5	3.8	-0.1		
12	DT. RÜCKVERSICHERUNG	629	319	49.8	50.1	73.4	101.7	30.1	30.0	4.4	1.4	905	3.8	3.7	3.5		
13	VERSK. BAYERN K-RÜCK	502	229	61.6	54.7	131.5	115.9	25.4	23.4	20.1	14.4	523	6.1	6.7	18.9		
14	WÜSTENROT & WÜRTEMBERG VERBAND OFFENT. LEBEN	348	268	60.5	64.9	146.3	138.5	32.7	33.5	1.1	0.2	2,805	5.3	2.9	4.0		
15	WÜRTEMBERG VERBAND OFFENT. LEBEN	305	262	66.2	65.6	365.9	371.9	40.6	42.1	-7.5	-11.9	1,182	4.1	4.1	0.5		
16	LEBEN	247	187	58.1	65.8	114.6	89.7	22.1	24.4	9.2	4.0	2,432	7.6	5.7	68.0		
17	ZÜRICH BETEILIG.-AG	211	17	76.9	58.7	29.6	67.4	23.4	15.6	25.3	22.6	67	2.7	1.9	-		
18	VOLKSWAGEN REINS.AG	196	119	62.8	61.6	52.2	48.1	24.0	22.9	-10.9	-12.1	1,335	12.2	13.2	48.4		
19	DEVK RÜCKVERSICHER.	145	84	61.1	105.3	247.4	420.9	27.4	-20.9	8.1	7.2	426	1.6	3.6	12.2		
20	SCOR DEUTSCHLAND	64	21	22.4	22.4	0.9	2.6	9.5	-25.0	83.2	83.2	94	2.4	2.4	0.0		
21	RÜCK HDI-GERLING FRIEDRICH SV	41	21	57.2	71.7	135.5	175.1	32.4	34.8	-8.6	48.8	1,081	3.6	4.7	149.6		
22	SPARKASSENVERSICHER. LUCURA RÜCK	40	2	17.4	317.5	102.4	***	6.8	-26.6	-456.4	-439.0	86	3.1	3.0	273.1		
23	PROVONORDWEST HOLD.	25	24	51.9	55.0	103.9	100.3	31.2	31.5	60.2	-6.8	1,515	6.6	5.7	210.2		
24	DELVAG RÜCK	24	18	34.5	62.9	186.8	157.6	19.8	23.1	6.3	-1.7	116	3.4	3.7	1.3		
25	MANULIFE EUROPE RÜCK	21	17	***	-92.2	161.8	198.0	6.0	7.4	182.6	98.7	171	4.3	6.2	106.7		
26	RISICOM RÜCK	19	19	79.1	78.9	301.9	300.0	4.9	4.9	16.2	1.2	50	1.1	1.1	-2.8		
27	KIELER RÜCK	16	4	47.2	48.1	31.3	30.0	36.1	29.5	22.4	16.2	7	4.8	2.9	11.4		
28	Globale RÜCK	12	4	420.2	***	***	***	245.6	712.9	***	***	1,803	2.8	7.7	***		
29	INCURA AG	8	8	-	-	-	-	4.7	4.9	95.1	90.6	111	1.2	1.2	56.0		
30	MANHEIMER AG	7	1	27.1	66.5	190.9	***	38.9	321.3	10.5	24.9	150	12.9	10.8	590.5		
31	HOLDING EUROPA RÜCK	6	6	40.4	***	***	***	23.9	26.0	200.0	45.3	236	3.4	3.1	248.6		
32	FREUDENBERG	3	3	***	-9.5	12.9	12.8	7.6	7.5	102.0	73.4	5	1.6	1.0	46.8		
33	RÜCKVERS. GÜTHAER.	3	3	***	***	***	***	132.2	112.6	219.5	587.5	1,867	9.9	8.9	-		
34	FINANZ HOLDING HUK-COBURG HOLDING	3	3	42.4	42.4	13.6	13.6	48.9	48.9	8.7	8.7	1,383	25.0	25.0	***		
35	ALTANA PHARMA	2	2	0.4	0.4	0.4	0.4	18.1	20.8	84.4	7.5	-	***	***	6.3		
36	DIEHL ASSEKUR. RÜCK	2	1	20.5	13.6	162.7	120.9	35.2	42.1	43.4	55.3	5	2.8	1.7	2.9		
37	THYSSENKRUPP REIN-AG	1	1	109.3	126.6	78.7	91.1	6.6	7.6	-34.2	-34.2	3	4.8	2.5	-23.7		
38	BF RÜCKVERSICHERUNG	1	1	77.0	***	***	***	110.4	***	-232.7	-562.4	29	3.2	3.2	***		
39	HDI-GERLING WELT	0	0	***	***	-	-	30.0	30.0	***	***	95	0.6	-0.7	-		

**Selected financial ratios of reinsurance undertakings 2006** 1) **Table 660 (2)**  
ranked according to gross premiums earned

Ranking	Name of insurer	Gross		Net		Claims ratio <sup>2)</sup>		CP ratio <sup>3)</sup>		Expense ratio <sup>4)</sup>		Net u.w. result		Investments <sup>7)</sup>		Net- result FY in <sup>10)</sup>
		premiums earned €m	3	premiums earned €m	4	gross % <sup>(1)</sup>	net % <sup>(2)</sup>	gross in % <sup>(1)</sup>	net in % <sup>(2)</sup>	gross in % <sup>(1)</sup>	net in % <sup>(2)</sup>	before eq. prov. <sup>5)</sup> in % <sup>(2)</sup>	after eq. prov. <sup>6)</sup> in % <sup>(2)</sup>	Balance at end of FY in €m	Current yield <sup>8)</sup> in %	
1	2 INDUSTRY	44.915	4	36.015	3	62.2	6	170.6	7	175.0	26.9	10	4.4	237.543	5.6	20.4
40	HANSEATICA RÜCK	0	0	0	0	544.9	544.9	***	***	***	***	***	***	28	3.5	231.1
41	KRAVAG-HOLDING AG	0	0	0	0	***	***	***	***	***	***	***	***	94	3.4	***
42	PROVRHEINL-HOLDING	0	0	-	0	***	***	***	***	***	***	***	***	657	34.0	***
43	DELTA LLOYD RÜCK	-	-	-	-	***	***	***	***	***	***	***	***	2	4.3	***

1) incl. annual financial statements as at the balance sheet dates in September and December of the reporting year and June of the following year

2) incl. expense for surrenders, refunds and withdrawals (Claims ratio in FY including result from gross claims provisions (CP) carried forward from previous year and used for settlement of insurance claims outstanding)

3) provision for claims outstanding, including surrenders, refunds and withdrawals (item E.III under liabilities of Formblatt 1 RechVersV)

4) total operating expenses

5) before changes in equalisation provision and similar provision; (item I.9 Formblatt 2 RechVersV)

6) after change in equalisation provision and similar provisions (item I.11 Formblatt 2 RechVersV)

7) incl. deposits with ceding undertakings

8) Item II.1. a), b) and e) Formblatt 2 RechVersV in % of mathematical average of investments at beginning and end of reporting year

9) Item II.1 less item II.2 Formblatt 2 RechVersV in % of mathematical average of investments at beginning and end of reporting year

10) Net profit / loss for the year (item II.14 Formblatt 2 RechVersV)

11) in % of gross premiums earned

12) in % of net premiums earned









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Press and Public Relations Department  
Graurheindorfer Str. 108, 53117 Bonn  
Lurgiallee 12, 60439 Frankfurt am Main  
Telephone: +49(0)228-4108-0  
Facsimile: +49(0)228-4108-1550  
Internet: [www.bafin.de](http://www.bafin.de)  
E-Mail: [poststelle@bafin.de](mailto:poststelle@bafin.de)

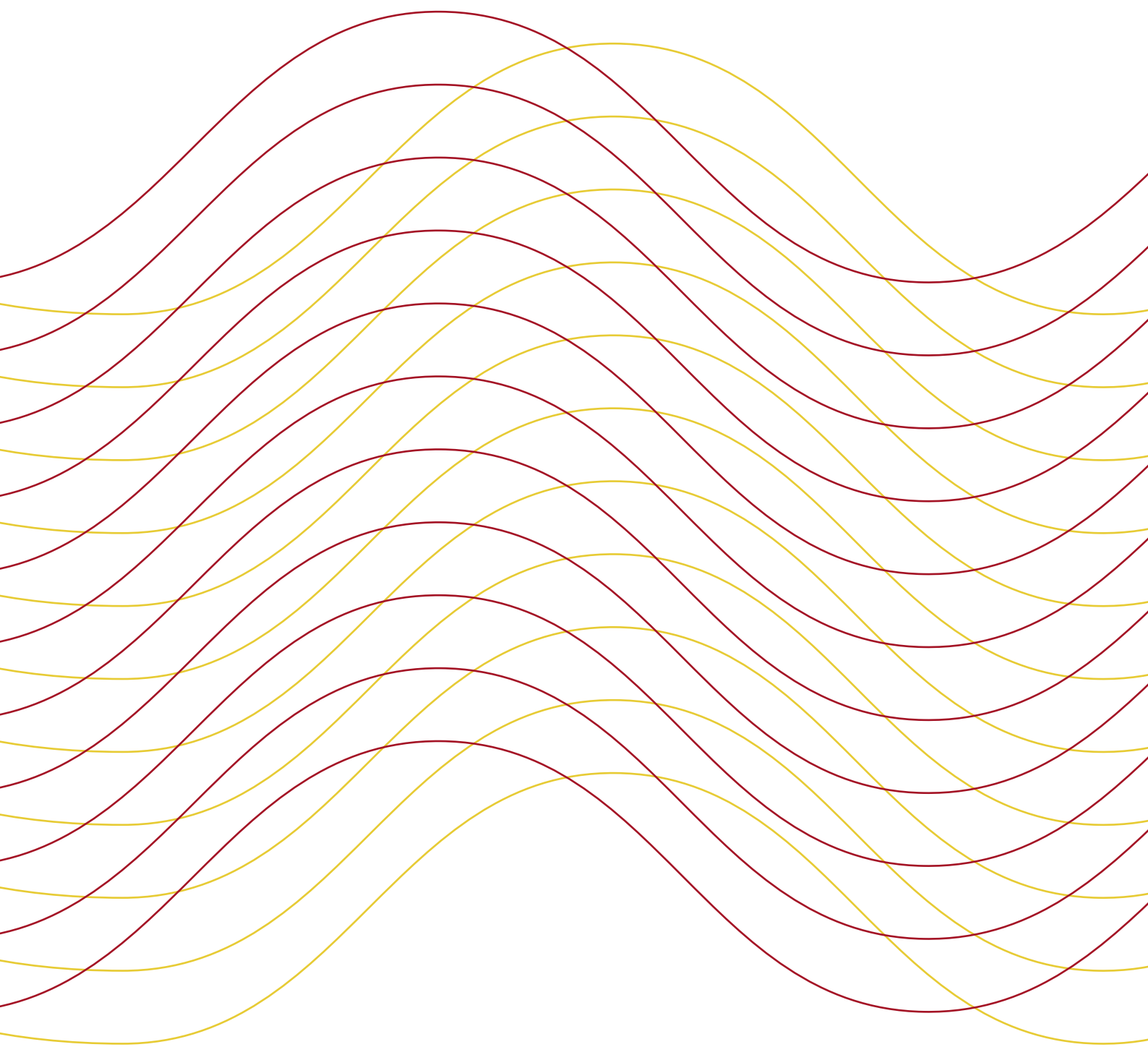
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