

2012/13



Statistics

Federal Financial Supervisory Authority

(Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin)

– Reinsurance undertakings –

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I Reinsurance Supervision in 2013

The editorial deadline for the reporting year for reinsurance statistics is June in the following year. Subsequent assessments, additional reports and corrections to figures may lead

to ex post changes. Any changes to prior-year figures in the following tables are due to subsequent corrections.

1 Authorised reinsurers

In 2013, one reinsurer returned its license to conduct reinsurance business. In return, it was authorised to conduct primary insurance business. Another reinsurer transferred its entire portfolio to a primary insurer retrospectively

effective 30 June 2012; the reinsurer was then liquidated. Overall, BaFin supervised a total of 42 reinsurance undertakings or branch offices of reinsurance undertakings at the end of the year under review (previous year: 43, see Table 1).

Table 1 Number of reinsurers under legal supervision of BaFin

As at 31 December of the relevant year

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|------|------|------|------|------|
| Reinsurance undertakings with business activities | 28 | 29 | 33 | 35 | 38 |
| Reinsurance undertakings without business activities | 7 | 7 | 3 | 3 | 3 |
| EEA branches | 6 | 6 | 6 | 6 | 3 |
| Third-country branches | 1 | 1 | 1 | 1 | 0 |

2 Economic trends

Total losses worldwide caused by natural disasters in 2013 were significantly below the long-term average. The hurricane season in particular was very mild. Reinsurers were able to further expand their capital buffers in 2013, meaning that the reinsurance capacities in the market were more than adequate. As a result, rates increasingly came under pressure, especially for natural disaster risk coverage (NatCat business).

The key driver for competitive pressure in the NatCat business was the strong inflow of alternative capital, however. Hedge funds and pension funds are increasingly investing in catastrophe bonds and collateralised reinsurance.

The alternative reinsurance market now has a volume of around US\$45 billion and makes up almost 15% of the global reinsurance market for catastrophe risk.¹ In light of the low interest rate environment, investors are drawn to the relatively attractive returns in the alternative reinsurance market. The next interest rate hike and future loss-intensive natural disasters will show how long-term investors' involvement is.

Although capital market investors increasingly also take into account other risks (such as longevity risk) when searching for potential returns, the alternative reinsurance market continues to be heavily dominated by natural disaster risk, especially US risk. The intensified competitive pressure caused by the inflow of alternative capital therefore primarily impacts those reinsurers who, like the alternative reinsurance market, focus on covering natural disaster risk.

Overall, competitive pressure and pressure on profitability in the reinsurance sector increased in 2013. This makes it all the more important for reinsurers to obtain prices that adequately reflect their risks. This affects even longstanding customer relationships, which in turn may encourage an opportunistic approach to buying reinsurance coverage. The resulting fiercer competition in the reinsurance market is tending to generate additional price pressure, which the reinsurers should resist from a risk perspective.

Natural disasters caused economic losses of around US\$125 billion worldwide in 2013, significantly below the average for the past 30 years (US\$165 billion). At around US\$31 billion, insured losses were also noticeably lower than the long-term average of US\$50 billion. This represents a decline of approximately 56% as against the previous year. Losses in the previous year – which was impacted in particular by Hurricane Sandy – were already significantly lower compared with the string of catastrophes in 2011 (Japan, Thailand, see Table 2 “Natural disasters in 2013 compared with the past ten years”, page 6).

1 Guy Carpenter: Mid-year Market Overview September 2013.

Table 2 Natural disasters in 2013 compared with the past ten years

| Year | Number of events | Fatalities | Overall losses (US\$m) | Insured losses (US\$m) | Notable events |
|------|------------------|------------|------------------------|------------------------|---|
| 2013 | 880 | 20,000 | 125,000 | 31,000 | Floods in Central Europe and Canada, hailstorms in Germany, storms Christian and Xaver, tornadoes in the USA |
| 2012 | 920 | 10,000 | 173,000 | 65,000 | Hurricane Sandy, drought in the USA, earthquakes in Italy, severe weather and tornadoes in the USA, Hurricane Isaac |
| 2011 | 820 | 27,000 | 380,000 | 105,000 | Earthquakes in Japan and New Zealand, floods in Thailand, tornadoes in the USA, Hurricane Irene |
| 2010 | 970 | 296,000 | 152,000 | 42,000 | Earthquakes in Haiti, Chile and China, heatwave in Russia, floods in Pakistan, volcanic eruption in Iceland |
| 2009 | 900 | 11,000 | 60,000 | 22,000 | Winter storm Klaus, tornadoes in the USA, hailstorms in Central Europe |
| 2008 | 750 | 163,000 | 200,000 | 45,000 | Hurricanes in the USA and the Caribbean, winter storm Emma |
| 2007 | 1,025 | 16,000 | 83,000 | 26,000 | Winter storm Kyrill, floods in the UK |
| 2006 | 850 | 20,000 | 50,000 | 15,000 | Earthquake in Yogyakarta, Indonesia |
| 2005 | 670 | 101,300 | 227,000 | 101,000 | Hurricanes in the Atlantic, earthquake in Pakistan |
| 2004 | 640 | 233,000 | 150,000 | 48,000 | Hurricanes in the Atlantic, typhoon in Japan, tsunami |
| 2003 | 700 | 109,000 | 65,000 | 16,000 | Heatwave in Europe, earthquake in Bam, Iran |

Source: Based on Munich Re NatCatSERVICE data

The most loss-intensive natural disasters in 2013 were in Germany and Central Europe (see Table 3 “The five biggest natural disasters in 2013 measured by overall loss”). Hailstorms caused insured losses of approximately US\$3.7 billion in the summer. This meant that they were not only the most expensive event for the insurance industry in 2013, but also the most expensive hail event in Germany’s history.

Baden-Württemberg and parts of northern Germany were particularly badly affected. The hailstones – some as big as tennis balls – damaged a large number of cars, building facades, roofs and solar systems.

The floods in south-eastern and eastern Germany and the neighbouring countries at the beginning of June were however much

Table 3 The five biggest natural disasters in 2013 measured by overall loss

| Date | Region | Event | Fatalities | Overall losses (US\$m) | Insured losses (US\$m) |
|---------------------|----------------|---------------------------|------------|------------------------|------------------------|
| 27 July – 28 July | Germany | Hailstorms | 0 | 4,800 | 3,700 |
| 30 May – 19 June | Central Europe | Floods | 25 | 15,200 | 3,000 |
| 18 May – 22 May | USA | Severe weather, tornadoes | 28 | 3,100 | 1,800 |
| 18 March – 19 March | USA | Severe weather | 2 | 2,200 | 1,600 |
| 19 June – 24 June | Canada | Floods | 4 | 5,700 | 1,600 |

Source: Munich Re NatCatSERVICE

more significant in terms of economic losses. The overall losses caused by this event amounted to US\$15.2 billion. Insured losses were approximately US\$3 billion. Many rivers recorded historically high levels; Passau, for example, reported the highest water level since 1501.

Further weather disasters occurred in autumn and winter when storms Christian and Xaver swept across large parts of Europe, at times with wind speeds of over 150 km/h.

The string of loss-intensive events in Europe is considered unusual. Consequently, the global breakdown of insured losses differed significantly from the long-term average in 2013: almost 30% of insured losses worldwide were attributable to Europe, nearly double the long-term average. By contrast, only around 56% of all insured losses worldwide were caused by natural disasters in the USA in 2013, compared with a long-term average of almost two-thirds.

The relatively low level of insured losses in the USA was probably due to the extremely quiet hurricane season. Not one hurricane-force storm reached the US mainland. Only two cyclones reached hurricane strength at all, and these only reached the weakest category (category one).

The first three months of 2014 were relatively kind, with only a few natural disasters causing insured losses worth mentioning.



II Statistical evaluation for 2012

The report on the statistics for financial year 2011/2012 included the annual financial statements of 33 reinsurers (previous year: 34), plus the annual financial statements of one third-country branch (Transatlantic Re). Most of them are stock corporations, one is a mutual insurance association (*Versicherungsverein auf Gegenseitigkeit*) and two are insurance undertakings under public law.

The data in the text below, as well as in the tables, is based on what is known as industry revenue. This figure, which is calculated for each insurance segment, is the total of the forms and records submitted by the reinsurance

undertakings. This not only allows all the values to be reconstructed at any time, but also enables additional (consistent) data to be retrieved from the data records if needed.

A disadvantage of this approach is that – depending on the forms and records actually submitted – the number of reporting reinsurance undertakings may differ from table to table. As far as the industry data is concerned, however, this does not have any significant impact, because it is only published after all the relevant undertakings have submitted correct data, thus ensuring completeness.

1 Premiums

Reinsurance coverage is offered not only by reinsurance undertakings, but also by primary insurers engaging in reinsurance business. The breakdown of the total gross inward reinsurance

premiums between reinsurers and primary insurers in financial year 2012 is shown in Table 4 (page 9):

Table 4 Gross premiums in the reinsurance business

| Year | Gross premiums written (€m) | | |
|------|-----------------------------|---|----------|
| | Reinsurers | Primary insurers (inward reinsurance business) | Total |
| 2012 | 51,053.4 | 5,522.3 | 56,575.8 |
| 2011 | 46,718.8 | 4,967.1 | 51,686.0 |
| 2010 | 43,307.0 | 4,058.9 | 47,365.9 |
| 2009 | 41,013.4 | 4,279.8 | 45,293.1 |
| 2008 | 38,431.0 | 4,190.2 | 42,621.2 |

In the year under review, gross premiums written by reinsurers rose for the fourth year in succession. At 9.3%, growth was also higher in 2012 than in the previous year (7.9%). Overall, gross premiums written have risen by almost one-third since 2008. Reinsurers last collected higher contributions than in 2012 back in 2003; however, at 43, the number of reinsurers was considerably higher than in 2012 (35 undertakings). This indicates that the reinsurance industry is becoming more concentrated.

The strong rise in premiums in 2012 is likely to have been driven by the continued robust growth in demand on the primary insurance markets in the emerging economies, especially for property and casualty insurance. There was also sustained strong demand for reinsurance as a capital substitute, not least because of the persistently low levels of interest rates.

At approximately 11.2%, premium income for primary insurers conducting reinsurance business grew at a slightly faster pace than for reinsurers. As a result, the proportion of the total inward reinsurance business accounted for by reinsurers declined slightly from 90.4% in the previous year to 90.2%. The number of primary insurers engaging in active reinsurance decreased slightly from 154 to 152 undertakings in the year under review, of which 37 were life insurers, 12 were health insurers and 103 were property/casualty insurers.

At 4.5%, reinsurance business accepted from domestic ceding insurers rose for the first time

since 2002. Gross premiums written accepted from domestic ceding insurers amounted to €12.1 billion in the year under review, compared with €11.6 billion in the previous year; the level of contributions was however significantly higher in 2002, at €21.7 billion.

The reinsurers continued to substantially expand their foreign insurance business, although growth slowed slightly to 10.9% (previous year: 12.9%). Overall, reinsurance business accepted from foreign ceding insurers increased from 75.2% in the previous year to 76.3% in the year under review. Ten years ago, by contrast, the share of reinsurance business accepted from domestic ceding insurers accounted for almost half of all insurance business.

Measured in terms of gross premiums written, insurance business accepted from abroad by all domestic insurance undertakings (primary insurers and reinsurers) in 2012 (€41.2 billion) significantly exceeded insurance business ceded abroad (€9.7 billion). That means that, as in previous years, domestic insurers made available more capacity to the international insurance market than they used themselves. The positive contribution to Germany's balance of trade in services increased to €31.5 billion in the year under review (previous year: €21.9 billion).

Of the gross premiums written by reinsurers, €3.0 billion was attributable to facultative and €47.9 billion to obligatory reinsurance business. At 64.9% (previous year: 66.5%), proportional

reinsurance in the form of quota share and surplus treaties made up the largest proportion of gross premiums written. However, there are signs that the importance of proportional reinsurance is diminishing, because its share of total reinsurance treaties has dropped by over 13 percentage points in the past three years.

Table 5 gives a breakdown of the reinsurers' gross premiums written by class of business.

Personal insurance again increased its share of the total insurance business in the year under review, growing to 42.7%. Ten years ago, life and health insurance only accounted for just over a quarter. Growing life expectancy and medical advances are driving flourishing life and health insurance markets, including and especially in emerging economies. Because of the persistently low interest rates, there is also continued high demand from personal insurance companies for reinsurance as a capital substitute.

Gross premiums written in the property/casualty insurance business rose by around €1.6 billion, with gains recorded by fire insurance in particular, as in the previous year. By contrast, motor insurance premiums declined by around €0.25 billion.

Reinsurers ceded €7.3 billion (previous year: €6.3 billion) of their total gross premiums written of €51.1 billion (previous year: €46.7 billion) to retrocessionaires. As a result, the retrocession ratio amounted to 14.4% (previous year: 13.5%), which reflects a decrease of approximately one percentage point in reinsurers' retentions.

Table 641 of the Table Section (page 24) provides details of reinsurers' gross and net premiums earned by class of business in the year under review.

Table 5 Reinsurers' gross premiums written by class of business

| Class of business | Gross premiums written | | | | | |
|---------------------------------|------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2012 | 2012 | 2011 | 2010 | 2009 | 2008 |
| | €m | % | | | | |
| General accident | 1,193.7 | 2.3 | 2.5 | 3.0 | 3.2 | 3.3 |
| Liability | 4,317.8 | 8.5 | 8.6 | 8.7 | 9.2 | 8.9 |
| Motor | 5,522.0 | 10.8 | 12.4 | 11.9 | 11.9 | 14.6 |
| Aerospace/aviation | 444.5 | 0.9 | 0.9 | 0.9 | 0.9 | 1.0 |
| Fire | 7,258.6 | 14.3 | 13.6 | 13.4 | 13.8 | 14.9 |
| Transport | 1,276.9 | 2.5 | 2.2 | 3.6 | 4.0 | 4.5 |
| Credit and surety | 1,745.6 | 3.4 | 3.6 | 3.8 | 3.5 | 3.3 |
| Aerospace/aviation liability | 655.0 | 1.3 | 1.3 | 1.7 | 1.7 | 1.6 |
| Other property insurance | 5,652.2 | 11.1 | 11.7 | 11.9 | 12.3 | 13.5 |
| Other indemnity insurance | 1,127.6 | 2.2 | 2.2 | 2.5 | 2.2 | 2.2 |
| Property/casualty insurance | 29,194.0 | 57.3 | 59.0 | 61.5 | 62.7 | 67.9 |
| Life | 16,614.5 | 32.6 | 31.3 | 29.9 | 30.3 | 28.0 |
| Health | 5,127.7 | 10.1 | 9.7 | 8.6 | 6.9 | 4.1 |
| Total insurance business | 50,936.1 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

2 Gross loss ratio

An extraordinary string of severe natural disasters (earthquakes in Japan and New Zealand, floods in Thailand) occurred in 2011, making it the most loss-intensive year of all times. By contrast, claims expenditures were significantly lower in 2012.

Global overall economic losses approached the long-term average, declining by over 50% to approximately US\$170 billion (previous year: US\$380 billion). Insured losses also decreased by a third and amounted to some US\$70 billion (previous year: US\$105 billion).

All the same, claims expenditures were classified as high in 2012. 2012 was the third most expensive year for the insurance industry since 1980. This was mainly attributable to weather disasters in the USA, which accounted for 90% of all insured losses.

By far the largest losses were caused by Hurricane Sandy. Sandy was one of the largest hurricanes ever recorded, with a wind field of approximately 1.5 million square kilometres – an area roughly the size of France, Germany, Italy and the United Kingdom together.

The direct flood damage was accompanied by a large number of business interruption insurance

claims. Overall, insured losses amounted to approximately US\$30 billion.

The second major catastrophic event was the extreme drought in the Midwest of the United States. The resulting losses affected not only agriculture and forestry, but also inland navigation and the energy industry. The insured losses amounted to between US\$15 billion and US\$17 billion.

The decline in claims expenditures in 2012 is reflected in the loss ratios. For example, the gross loss ratio before settlement fell significantly from 73.0% in the previous year to 59.2% of gross premiums earned in the year under review. Similarly, total claims expenditures – including settlement results – decreased from 77.1% to 67.6%.

The gross expense ratio continued to decline and amounted to 26.0% (previous year: 26.8%).

Overall, the reinsurers' combined loss-expense ratio after settlement decreased significantly from 103.9% in the previous year to 93.6% in the year under review. On a net basis, the combined ratio improved to 96.1% (previous year: 102.7%).

3 Technical provisions

Gross technical provisions increased for the fourth year in succession, rising by €2.0 billion to €135.1 billion (+1.5%). In terms of gross premiums earned, this translated into a lower provision rate of 264.1% for the business as a whole (previous year: 286.0%). This decrease is primarily attributable to the significantly higher premiums.

As in previous years, provisions for claims outstanding were by far the most significant single item, accounting for €76.1 billion. These

provisions decreased slightly by 0.8% (€0.6 billion) year-on-year, which led to a provision rate of 148.7% (previous year: 164.8%).

These figures reflect firstly the lower claims expenditures from the year under review compared with 2011 and secondly the ongoing settlement of catastrophe losses from previous years.

The premium reserve increased by 4.5% in 2012 to €37.1 billion (previous year: €35.5 billion).

As in the previous year, the largest share of gross technical provisions for claims outstanding was attributable to the following classes of business: liability insurance at €25.7 billion (33.9% of reinsurers' total gross provisions for claims outstanding), motor insurance at €15.9 billion (20.9%) and fire insurance at €10.8 billion (14.2%). Overall, gross technical provisions decreased by approximately €5.4 billion (27.5%) to €14.3 billion in the year under review, probably due to the considerably lower level of claims expenditures.

Trends in the equalisation provision (including similar provisions) were very mixed in the year under review. Reinsurers had to withdraw significant amounts from the equalisation provision in some classes of business, such as other property insurance (-25.5%).

4 Overall underwriting result

The reinsurers' underwriting result is shown in Table 6 (page 13), broken down by class of business.

The reinsurers returned to a gross underwriting profit in 2012 following a significant drop in earnings in the previous year (-€2.4 billion) due to unusually high losses. At approximately €2.8 billion, this was also the highest gross underwriting result since 2006. In relation to the gross premiums earned, the reinsurers generated a return on sales of 5.4%, the best figure since 2009.

The fire insurance class saw a particularly impressive turnaround, recording a profit of €1.9 billion following a loss of €4.6 billion in 2011. Despite the significant overall improvement in earnings, seven of the 35 reinsurers reported a gross underwriting loss, as in the previous year.

By contrast, appropriations were made in other classes of business, for example in fire insurance (75.4%). This class had recorded particularly high claims expenditures in the previous year. The considerably lower level of claims expenditures in 2012 therefore led to significant allocations to the equalisation provision.

These high allocations for fire insurance also affected the overall equalisation provision. In total, the provision rose by a significant 9.5% as a result of the allocations and amounted to €13.9 billion at the end of the year under review (previous year: €12.7 billion). This corresponds to 31.7% of net premiums earned (previous year: 31.5%) or 10.3% of total gross technical provisions (previous year: 9.5%).

Further details can be found in Tables 630 and 631 of the Table Section (pages 21-22).

The primary insurers also posted significantly improved earnings in 2012 from insurance business accepted. Their gross profit rose from €0.3 billion in the previous year to €0.9 billion in the year under review, representing 17.2% of gross premiums earned (previous year: 5.2%).

Business accepted from both domestic and international ceding insurers made a positive contribution to reinsurers' earnings. The former generated a gross underwriting profit of €0.5 billion in 2012, or 4.1% of domestic premiums earned (previous year: €0.6 billion, or 5.2%).

For business accepted from foreign ceding insurers, the previous year's gross underwriting loss of €3.0 billion (-8.6% of foreign premiums earned) turned into a gross profit of €2.3 billion (5.9%). The prior-year loss was attributable to the unusually high losses, primarily in Asia.

As in 2006-2010, retrocessionaires accounted for a disproportionately small share of

Table 6 Underwriting result by class of business

| Class of business | 2012 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|----------------|-------------------------|-------------|------------|------------|------------|
| | €m | as % of premiums earned | | | | |
| General accident | 232.2 | 19.3 | 21.8 | 10.2 | -2.3 | -22.2 |
| Liability | -693.3 | -16.1 | 0.0 | -21.3 | -28.2 | -5.7 |
| Motor | -441.4 | -7.6 | -2.2 | -3.5 | -1.2 | -12.6 |
| Aerospace/aviation | 140.6 | 31.1 | 39.4 | 21.2 | 30.8 | 26.0 |
| Fire | 1,919.5 | 26.5 | -72.7 | 3.3 | 37.1 | 19.5 |
| Transport | 62.3 | 4.9 | 7.2 | 0.5 | 7.1 | -2.7 |
| Credit and surety | 23.1 | 1.3 | 37.8 | 7.3 | -38.2 | 1.5 |
| Aerospace/aviation liability | 307.3 | 45.4 | 28.9 | 16.0 | 7.0 | 11.8 |
| Other property insurance | 334.3 | 5.8 | 3.6 | 10.3 | 15.0 | 13.4 |
| Other indemnity insurance | 117.8 | 10.6 | -7.3 | 9.6 | 13.0 | 19.0 |
| Property/casualty insurance | 2,002.4 | 6.8 | -12.0 | 1.2 | 6.3 | 3.6 |
| Life | 649.4 | 3.9 | 5.6 | 6.3 | 7.6 | 2.9 |
| Health | 112.6 | 2.2 | 1.3 | 0.6 | -1.4 | 1.5 |
| Total insurance business, gross result | 2,781.5 | 5.4 | -5.2 | 2.7 | 6.2 | 3.3 |
| Retrocession result | -1,492.1 | -20.7 | 12.3 | -11.0 | -21.4 | -13.7 |
| Net result 1 | 1,289.4 | 2.9 | -4.1 | 1.2 | 3.5 | 1.0 |
| Change in provision for unexpired risks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in equalisation reserve ¹ | -1,201.6 | -2.7 | 3.4 | -0.2 | 2.5 | 3.2 |
| Net result 2 | 87.8 | 0.2 | -0.6 | 1.0 | 6.0 | 4.2 |

1 Includes similar provisions.

the losses of ceding insurers in 2012. For the reinsurers, this resulted in a negative balance of €1.5 billion to the advantage of the retrocessionaires, corresponding to 20.7% of the amounts attributable to retrocessionaires (previous year: +€0.8 billion; +12.3%). As a result, the reinsurers' gross underwriting profit declined to €1.3 billion (net result 1), equivalent to 2.9% of net premiums earned (previous year: €-1.6 billion; -4.1%).

In the year under review, reinsurers allocated €1.2 billion (2.7% of net premiums earned) to the equalisation provision and similar provisions that enable risks to be balanced over time. The provision for unexpired risks was virtually unchanged year-on-year.

The net result 2 – which includes contributions from retrocessionaires and changes due to allocations to and withdrawals from the equalisation provision and the provision for unexpired risks – improved from €-0.3 billion in the previous year to €0.1 billion in the year under review (0.2% of net premiums earned). However, the high underwriting profit of €2.8 billion was significantly reduced by the contributions from retrocessionaires and the allocations to the equalisation provision.

Table 641 of the Table Section (page 24) shows the net underwriting results by class of business – in each case before and after the change in the equalisation provision and similar provisions.

5 Net result

The breakdown of reinsurers' net results in relation to net premiums earned is shown in Table 7 (page 15).

Reinsurers' investment volume (including deposits retained) increased by approximately 5.8% to €256.1 billion (previous year: €242.1 billion). Investments thus rose for the third year in succession.

Current investment income¹ declined significantly by 9.2% to €10.5 billion (24.0% of net premiums earned). This was probably impacted by the ongoing low interest rate phase. As a proportion of the average investment portfolio (including deposits retained), the current yield decreased to 4.2% (previous year: 4.9%).

As in the previous years, the largest portion of current investment income was attributable to income from affiliates and equity investments, i.e. to interest on loans and profit distributions, accounting for 51.8% (previous year: 61.0%). This type of income played such a major role mainly because some reinsurers also exercise a holding company function parallel to their reinsurance activities. The sharp drop in this income by approximately €1.6 billion (22.8%) probably also reflects the high claims expenditures in the previous year. This is because parent companies usually record dividends from subsidiaries in the following financial year.

Another 11.3% of current investment income was attributable to interest received on deposits retained. Income from bearer bonds and other fixed-income securities was also significant and accounted for 17.2%; income from shares, investment units and other variable-rate securities accounted for 12.6%. The former declined by 1.5% while the latter rose by 51.2%. The turnaround suggests that the insurers' economic position has improved and also reflects the ongoing low interest rates.

Current investment expense, i.e. depreciation/amortisation and administrative expenses, declined by 8.4% to €2.0 billion (previous year: €2.1 billion), mainly due to lower administrative costs.

Overall, reinsurers generated current net investment income² of €8.6 billion (19.5% of net premiums earned) in 2012, corresponding to a year-on-year decrease of 9.3%. The current return in relation to the average investment portfolio, including deposits retained, was 3.4% (previous year: 4.0%).

The reinsurers' investment result amounted to €10.2 billion (previous year: €8.7 billion). This figure includes both other investment income, such as disposal gains, write-ups and income from the reversal of the special tax-allowable reserves totalling €4.0 billion (previous year: €3.4 billion), as well as other expenses such as disposal losses, write-downs and loss absorption amounting to a total of €2.3 billion (previous year: €4.2 billion).

The significant year-on-year improvement (+17.5%) is primarily attributable to lower disposal losses and lower write-downs, which decreased by over a third and by around three-fifths, respectively, in the year under review. While the European sovereign debt crisis peaked in 2011 and 2012, a number of significant decisions were taken in the second half of 2012 (European Stability Mechanism, banking union, Outright Monetary Transactions, Mario Draghi's "whatever it takes" speech) that appeared to have had a positive impact in the annual financial statements.

Overall, the net return – measured as a proportion of the average portfolio of investments, including deposits retained – rose slightly to 4.1% (previous year: 3.7%).

1 Includes the technical interest to be recognised in the underwriting account, but excludes gains on the disposal of investments as well as write-ups and reversals of the special tax-allowable reserves.

2 Current investment income less current investment expenses including technical interest.

Table 7 Breakdown of net result

| Item | 2012 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|----------------|-----------------------------|-------------|-------------|-------------|-------------|
| | €m | as % of net premiums earned | | | | |
| Net underwriting result 1 | 1,289.4 | 2.9 | -4.1 | 1.2 | 3.5 | 1.0 |
| Special allocation to claims provision | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in equalisation provision, etc. | -1,201.6 | -2.7 | 3.4 | -0.2 | 2.5 | 3.2 |
| Net underwriting result 1a | 87.8 | 0.2 | -0.6 | 1.0 | 6.0 | 4.2 |
| Current investment income ¹ | 9,208.7 | 21.0 | 25.6 | 25.8 | 19.5 | 35.1 |
| Current investment expenses | -1,962.7 | -4.5 | -5.3 | -4.9 | -5.2 | -8.7 |
| Current net investment income ¹ | 7,246.0 | 16.5 | 20.3 | 20.9 | 14.4 | 26.4 |
| Other result from ordinary activities | -1,265.2 | -2.9 | -3.7 | -4.5 | -3.3 | -5.7 |
| Operating result | 6,068.5 | 13.8 | 16.1 | 17.4 | 17.0 | 24.9 |
| Non-periodic result (incl. provisions for unexpired risks) | 1,252.0 | 2.8 | -2.7 | 1.0 | 6.5 | -3.3 |
| Profit for the year before tax | 7,320.5 | 16.7 | 13.3 | 18.3 | 23.5 | 21.6 |
| Taxes | -922.3 | -2.1 | -1.7 | -3.0 | -4.2 | -3.1 |
| Profit for the year after tax | 6,398.2 | 14.6 | 11.6 | 15.3 | 19.3 | 18.4 |
| Profit/loss brought forward | 212.8 | 0.5 | 0.5 | 0.3 | 1.4 | 2.2 |
| Change in reserves | -1,409.8 | -3.2 | -0.8 | -2.2 | -5.7 | -4.9 |
| Net result | 5,201.2 | 11.8 | 11.4 | 13.4 | 15.1 | 15.7 |

1 Excludes investment return allocated from the non-technical account (2012: €1.3 billion).

Table 610 of the Table Section (page 19) provides a summary of the performance of each investment type.

The other result from ordinary activities in the general section of the profit and loss account improved slightly from €-1.5 billion in the previous year to €-1.3 billion (-2.9% of net premiums earned) in the year under review. The balance of exchange rate gains and losses contained in this figure amounted to €0.2 billion (previous year: €-0.1 billion). Overall, the lower loss can be explained by the fact that other income rose more strongly than other expenses.

The operating result³ decreased slightly year-on-year to €6.1 billion (13.8% of net premiums earned; previous year: €6.5 billion; 16.1%). This decline resulted in particular from lower current investment income. The improvement in the net result and the slight increase in the other result from ordinary activities were unable to offset this effect.

With a gain of €1.3 billion (2.8% of net premiums earned), the non-periodic result⁴ improved significantly (previous year: €-1.1 billion; -2.7%). This was mainly attributable to

3 Total of current net investment income, other result from ordinary activities and net underwriting result 1a (after special allocation to provisions for claims outstanding, after equalisation provisions, but before provisions for unexpired risks).

4 Essentially: change in provisions for unexpired risks, balance from the disposal of investments, write-downs and write-ups of investments, and changes in special tax-allowable reserves.

the considerably higher other investment result. Together with the operating result, this led to a significant increase in profit for the year before tax to €7.3 billion (16.7% of net premiums earned; previous year: €5.4 billion; 13.3% of net premiums earned).

The profit for the year after tax amounted to €6.4 billion (previous year: €4.7 billion). This corresponds to 14.6% of net premiums earned. Ultimately, after allocations to reserves of

€1.4 billion (3.2% of net premiums earned) and profits brought forward of €0.2 billion, net retained profits for all reinsurers rose by 13.3% year-on-year to €5.2 billion, or 11.8% of net premiums earned (previous year: €4.6 billion; 11.4% of net premiums earned).

Of all reinsurers examined, five undertakings reported a net loss for the year under review (previous year: two) and four reported net accumulated losses (previous year: four).

6 Fair values of investments

Under section 54 of the Regulation on Insurance Accounting (*Verordnung über die Rechnungslegung von Versicherungsunternehmen – RechVersV*), insurers are required to disclose in the notes to the annual financial statements the fair values of investments recognised at cost or nominal value. The fair values of investments by primary insurers are reported in Tables 14 to 18 of the narrative section of the BaFin statistics “Primary insurance undertakings and pension funds” (2012). The figures for reinsurers are now also available for that financial year.

Reinsurers’ investment volume rose by 5.8% to €256.1 billion in 2012 (previous year: €242.1 billion, see Table 8 “Fair values of reinsurers”, page 17). All asset classes contributed to this increase. In particular, bearer bonds and other fixed-income securities saw growth, with volumes increasing by €8.5 billion (16.4%) at the expense of investments in affiliates and equity investments and other investments.

About 80.6% of the valuation reserves as at 31 December 2012 amounting to €39.7 billion were attributable to land, land rights and buildings, as well as to investments in affiliates and equity investments. These investments are either not marketable at all or very restricted in their marketability, because most of them are commercial land used for the companies’ own purposes or intra-group equity investments. The hidden reserves in shares and investment

units (about 9.3%) are heavily dependent on the performance of the capital markets.

Bearer bonds and other fixed-income securities accounted for 7.7% (previous year: 6.5%) of hidden reserves in the year under review. Three years ago, this figure was only 4.4%. The share of hidden reserves in the carrying amount of these investments also continued to rise and amounted to 5.1% (previous year: 4.5%; 2009: 3.2%). This again reflects the effects of the persistently low levels of interest rates, which result in sharp increases in the prices of higher-yield securities.

The time lag between the year under review and the publication of BaFin’s reinsurance statistics limits the informative value of this snapshot analysis and does not permit any conclusions to be drawn about the current situation. Given the vulnerability of insurance undertakings to unforeseeable (extreme) developments on the capital markets – particularly declines in the prices of shares and investment units accompanied simultaneously by low interest-rate levels – BaFin is keeping a particularly close watch on the trend in insurance undertakings’ hidden reserves, the impact on their results of operations as well as their economic situation overall.

Table 8 Fair values of reinsurers

As at 31 December 2012

| | Carrying amounts | | Fair values | | Hidden reserves | |
|--|------------------|---------------|----------------|---------------|-----------------|--|
| | Absolute €m | Share in % | Absolute €m | Share in % | Absolute €m | Share as % of carrying amount |
| Land, land rights and buildings | 1,485 | 0.6 | 3,412 | 1.2 | 1,927 | 129.7 |
| Investments in affiliates and equity investments | 111,937 | 43.7 | 141,991 | 51.1 | 30,053 | 26.8 |
| Shares | 2,574 | 1.0 | 3,265 | 1.2 | 692 | 26.9 |
| Investment units | 25,167 | 9.8 | 28,174 | 10.1 | 3,007 | 11.9 |
| Bearer bonds and other fixed-income securities | 60,001 | 23.4 | 63,077 | 22.7 | 3,076 | 5.1 |
| Other investments | 54,933 | 21.5 | 55,880 | 18.9 | 947 | 1.7 |
| Total investments | 256,098 | 100.0 | 295,799 | 100.0 | 39,701 | 15.5 |

7 Equity and own funds

Reinsurers' available equity, excluding outstanding contributions to subscribed capital, increased by €3.1 billion (4.3%) to €74.5 billion in 2012. By contrast, the ratio of equity to gross and net premiums earned declined sharply once again due to the rise in premiums. Whereas equity still accounted for 224.1% of net premiums earned in 2008, this figure dropped to 170.4% at the end of the year under review (previous year: 176.8% of net premiums earned).

At the end of 2012, the reinsurers supervised in Germany had own funds amounting to €72.2 billion (previous year: €69.1 billion). The solvency margin as at the same date was €7.4 billion (previous year: €6.8 billion). As a result, the solvency margin ratio again declined slightly to 972% (previous year: 1,019%). Three years ago, this figure was 1,146%.

As before, the reason for the high level of own fund components is the unusual feature of the German insurance industry that certain large German reinsurers also assume the function

of holding company for an insurance group or financial conglomerate. A considerable proportion of these undertakings' own funds is required to finance their holding company function, rather than backing their reinsurance activities with capital.

Eliminating the figures relating to the holding company function produced an average solvency margin ratio of 269% (previous year: 273%) for reinsurers supervised in Germany in financial year 2012, which is thus well above the required target ratio.

Table Section 2012

To provide a better understanding of the tables BaFin would like to point out the following: “-” in a table means that the value is zero. A “0” indicates that the value is smaller than the unit specified whereas “***” means that the value is outside the displayable range.

Table 600 Aggregated balance sheets of reinsurance undertakings for direct business in 2012

| Balance sheet items | 2012 | | 2011 | | 2010 | |
|---|-------------|-------------------|-------------|-------------------|-------------|-------------------|
| | in € 000's | in % ¹ | in € 000's | in % ¹ | in € 000's | in % ¹ |
| Assets | | | | | | |
| 1. Outstanding contributions to subscribed capital | 7,110 | 0 | 7,052 | 0 | - | - |
| 2. Intangible assets | 383,160 | 0.14 | 522,007 | 0.2 | 578,498 | 0.23 |
| 3. Investments, if not reported under no. 4 | 214,324,958 | 78.66 | 202,192,612 | 77.59 | 194,923,411 | 77.61 |
| 4. Deposits retained from the reinsurance business accepted | 41,780,295 | 15.33 | 39,926,160 | 15.32 | 39,048,158 | 15.55 |
| 5. Receivables (direct business) from policyholders | - | - | - | - | - | - |
| 6. Receivables (direct business) from intermediaries | - | - | - | - | - | - |
| 7. Accrued interest and rent | 1,209,479 | 0.44 | 1,061,852 | 0.41 | 1,036,426 | 0.41 |
| 8. Other assets | 14,751,132 | 5.41 | 16,878,523 | 6.48 | 15,572,678 | 6.2 |
| Equity and liabilities | | | | | | |
| 1. Equity | 74,491,804 | 27.34 | 71,394,335 | 27.4 | 71,320,923 | 28.4 |
| 2. Profit-sharing capital and subordinated liabilities | 18,991,603 | 6.97 | 15,407,828 | 5.91 | 13,539,166 | 5.39 |
| 3. Special tax-allowable reserves | - | - | 2,231 | 0 | 8,820 | 0 |
| 4. Net technical provisions | 118,963,557 | 43.66 | 117,081,764 | 44.93 | 111,300,417 | 44.31 |
| 5. Deposits received from reinsurers | 7,612,143 | 2.79 | 6,150,556 | 2.36 | 6,794,983 | 2.71 |
| 6. Liabilities (direct business) to policyholders | 8 | 0 | 0 | 0 | - | - |
| 7. Other liabilities | 52,397,019 | 19.23 | 50,551,492 | 19.4 | 48,194,862 | 19.19 |
| Total assets | 272,456,134 | 100.00 | 260,588,206 | 100.00 | 251,159,170 | 100.00 |
| Number of undertakings | 35 | | 35 | | 37 | |

¹ as % of total assets.

Table 610 Changes in investments (excluding deposits retained) 2012
Reinsurance undertakings

| Type of investment | Balance at beginning of period ¹ | | Additions | | Write-ups | Reclassifications | Disposals | Write-downs | Balance at end of period | | |
|--|---|-------------------|---------------|-------------------|-------------|-------------------|---------------|-------------|--------------------------|-------------------|----------|
| | in €m | in % ² | in €m | in % ² | | | | | in €m | in % ² | in €m |
| Land, land rights and buildings | 1,451 | 0.7 | 65 | 0.1 | 4.5 | - | 2 | 47 | 1,485 | 0.7 | 2.3 |
| Interests in affiliated companies | 103,778 | 51.3 | 15,833 | 18.2 | 15.3 | -24 | 13,905 | 310 | 105,477 | 49.2 | 1.6 |
| Loans to affiliated companies | 3,021 | 1.5 | 3,699 | 4.2 | 122.4 | 3 | 2,260 | 6 | 4,458 | 2.1 | 47.6 |
| Equity investments | 1,616 | 0.8 | 102 | 0.1 | 6.3 | 24 | 305 | 39 | 1,407 | 0.7 | -12.9 |
| Loans to other long-term investees and investors | 549 | 0.3 | 38 | 0 | 6.9 | -1 | - | 19 | 595 | 0.3 | 8.2 |
| Shares | 2,476 | 1.2 | 875 | 1 | 35.3 | - | 745 | 54 | 2,574 | 1.2 | 3.9 |
| Investment units | 23,796 | 11.8 | 8,630 | 9.9 | 36.3 | 2 | 7,101 | 203 | 25,167 | 11.7 | 5.8 |
| Other variable-rate securities | 15 | 0 | 34 | 0 | 231.9 | - | 46 | - | 44 | 0 | 202.5 |
| Bearer notes and other fixed-income securities | 51,638 | 25.5 | 44,998 | 51.6 | 87.1 | - | 36,571 | 150 | 60,001 | 28 | 16.2 |
| Loans secured by mortgages, land charges and annuity charges | 20 | 0 | 68 | 0.1 | 341.6 | - | 15 | - | 73 | 0 | 267 |
| Registered bonds | 3,980 | 2 | 2,611 | 3 | 65.6 | - | 1,427 | 0 | 5,164 | 2.4 | 29.8 |
| Notes and loans receivable | 4,633 | 2.3 | 903 | 1 | 19.5 | -2 | 1,005 | 1 | 4,527 | 2.1 | -2.3 |
| Loans and advances against policies | - | - | - | - | - | - | - | - | - | - | - |
| Other loans | 174 | 0.1 | 0 | 0 | 0.2 | - | 57 | - | 119 | 0.1 | -31.8 |
| Deposits with credit institutions | 4,481 | 2.2 | 2,029 | 2.3 | 45.3 | - | 3,662 | - | 2,848 | 1.3 | -36.4 |
| Other investments | 504 | 0.2 | 7,282 | 8.4 | 1,445.2 | -2 | 7,400 | 9 | 379 | 0.2 | -24.9 |
| Total investments | 202,131 | 100.0 | 87,168 | 100.0 | 43.1 | 0 | 74,500 | 838 | 214,318 | 100.0 | 6 |
| Number of undertakings | 34 | | | | | | | | | | |

1 At the exchange rate value at the end of the financial year.

2 As % of total investments.

3 As % of balance at beginning of period.

4 Change (balance at end of period less balance at beginning of period) as % of balance at beginning of period.

Table 620 Equity, profit-sharing capital and subordinated liabilities of reinsurance undertakings (figures in 000's)

| Balance sheet items | Total 2012 | Total 2011 |
|--|-------------------|-------------------|
| 1. Subscribed capital ¹ | 4,379,065 | 4,397,513 |
| 2. Capital reserves | 43,706,536 | 42,780,977 |
| of which pursuant to section 5 (5) no. 3 of the VAG | - | - |
| 3. Revenue reserves: | | |
| a) Legal reserves ² | 21,452 | 24,322 |
| b) Reserve for shares in a controlling undertaking or one with a majority interest | 2,335 | - |
| c) Reserves provided for by the articles of association | 279,470 | 273,353 |
| d) Reserve pursuant to section 58 (2a) of the AktG | - | - |
| e) Other revenue reserves | 20,819,854 | 19,289,014 |
| 4. Retained earnings brought forward ³ | 1,875 | 1,917 |
| Accumulated losses brought forward ³ | 2,282 | 5,227 |
| 5. Profit for the year after tax ³ | 347,154 | 341,427 |
| Loss for the year after tax ³ | 818 | - |
| 6. Net retained profits ³ | 4,945,423 | 4,302,266 |
| Net accumulated losses ³ | 1,150 | 10,175 |
| Total equity ⁴ | 74,491,804 | 71,394,335 |
| less outstanding contributions | 7,110 | 7,052 |
| Available equity | 74,484,694 | 71,387,284 |
| Equity as % of gross premiums written | 145,9 | 152,8 |
| Equity as % of net premiums written | 170,4 | 176,8 |
| Profit-sharing capital | 20,000 | 20,000 |
| Subordinated liabilities | 18,971,603 | 15,387,828 |
| Number of undertakings | 35 | 35 |

1 Initial fund for mutual insurance associations.

2 Loss reserve pursuant to section 37 of the VAG for mutual insurance associations.

3 Pursuant to section 268 (1) of the HGB, items 4 and 5 are replaced by item 6 if the principle of *teilweise Verwendung des Jahresergebnisses* (partial appropriation of profit/loss for the year) is applied.

4 Excl. aggregate equalisation item.

Table 630 Technical provisions
Reinsurance undertakings

| Balance sheet items | 2012 | | 2011 | | 2010 | |
|---|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|
| | Gross in € 000's | Net in € 000's | Gross in € 000's | Net in € 000's | Gross in € 000's | Net in € 000's |
| 1. Unearned premiums | 7,276,817 | 6,220,957 | 7,405,800 | 6,453,074 | 7,160,503 | 6,326,280 |
| 2. Premium reserve | 37,061,769 | 31,834,895 | 35,459,731 | 30,598,354 | 34,001,978 | 28,356,487 |
| 3. Provision for claims outstanding, surrenders, refunds and sums granted upon withdrawal | 76,083,418 | 66,249,818 | 76,732,110 | 66,506,488 | 69,619,786 | 61,563,483 |
| 4. Provision for bonuses and rebates | 131,755 | 129,996 | 117,076 | 115,548 | 145,983 | 120,476 |
| 5. Equalisation provision and similar provisions | 13,909,893 | 13,909,893 | 12,710,179 | 12,710,179 | 14,093,542 | 14,093,542 |
| 6. Other technical provisions | 670,237 | 618,004 | 744,430 | 698,128 | 891,245 | 840,149 |
| Total | 135,133,889 | 118,963,563 | 133,169,327 | 117,081,771 | 125,913,037 | 111,300,417 |
| Number of undertakings | 35 | | 35 | | 37 | |

Table 631 Technical provisions by class of business
Reinsurance undertakings

| Class of business | No. | Gross provisions for unearned premiums | | Gross provision for claims outstanding ¹ | | | | Equalisation provision and similar provisions | |
|------------------------------|-----------|--|-------------------|---|-------------------|-----------------|-------------------|---|-------------------|
| | | | | FY | | PY | | | |
| | | in €m | in % ² | in €m | in % ² | in €m | in % ² | in €m | in % ³ |
| Life | 14 | 1,396.5 | 8.5 | 1,619.1 | 9.8 | 2,432.4 | 14.8 | 11.7 | 0.1 |
| Health | 15 | 370.5 | 7.3 | 336.9 | 6.6 | 300.2 | 5.9 | 5.9 | 0.1 |
| General accident | 19 | 148.8 | 12.4 | 412.1 | 34.3 | 3,493.8 | 290.6 | 528.2 | 52.7 |
| Liability | 24 | 756.9 | 17.6 | 2,829.8 | 65.9 | 22,903.0 | 533.5 | 1,841.0 | 49.5 |
| Motor | 18 | 912.7 | 15.8 | 2,441.8 | 42.2 | 13,437.1 | 232.1 | 1,791.5 | 33.9 |
| Aerospace/aviation | 9 | 105.0 | 23.2 | 194.5 | 43.0 | 512.7 | 113.4 | 73.7 | 20.1 |
| Fire | 26 | 1,167.60 | 16.1 | 2,831.2 | 39.1 | 7,920.8 | 109.5 | 3,827.9 | 63.3 |
| Transport | 21 | 140.2 | 11.0 | 876.6 | 68.7 | 1,851.7 | 145.1 | 728.8 | 68.7 |
| Credit and surety | 19 | 469.6 | 27.3 | 670.3 | 39.0 | 1,522.5 | 88.5 | 1,854.3 | 117.2 |
| Aerospace/aviation liability | 10 | 269.0 | 39.7 | 212.6 | 31.4 | 1,850.1 | 273.1 | 1,280.6 | 223.2 |
| Other property insurance | 24 | 1,207.90 | 21.1 | 1,583.7 | 27.7 | 4,108.3 | 71.8 | 1,287.5 | 28.1 |
| Other indemnity insurance | 27 | 323.4 | 29.1 | 328.6 | 29.5 | 1,514.3 | 136.0 | 631.7 | 69.9 |
| Total | 35 | 7,272.9 | 14.2 | 14,342.8 | 28.0 | 61,868.8 | 120.9 | 13,862.9 | 31.5 |

1 Including premium reserve for annuities and gross provision for surrenders, refunds and withdrawals outstanding.

2 As % of gross premiums earned.

3 As % of net premiums earned.

Table 640 Selected items in the profit and loss account
Reinsurance undertakings

| Item | 2012 | | 2011 | | 2010 | |
|--|------------|-------------------|------------|-------------------|------------|-------------------|
| | in € 000's | in % ¹ | in € 000's | in % ¹ | in € 000's | in % ¹ |
| 1. Gross premiums written | 51,053,434 | | 46,718,842 | | 43,307,083 | |
| of which accepted from foreign ceding insurers | 38,970,841 | 76.2 | 35,154,346 | 75.5 | 31,135,608 | 73.1 |
| 2. Gross premiums earned | 51,164,723 | 100.0 | 46,564,380 | 100.0 | 42,618,957 | 100.0 |
| 3. Net premiums earned | 43,943,765 | 85.9 | 40,352,092 | 86.7 | 36,191,168 | 84.9 |
| 4. a) Gross expenses for claims of the financial year | 30,308,264 | 59.2 | 33,978,780 | 73.0 | 26,658,502 | 62.6 |
| b) Net expenses for claims of the financial year | 26,910,258 | 61.2 | 28,966,229 | 71.8 | 22,944,435 | 63.4 |
| 5. a) Gross expenses for claims during the financial year ² | 34,586,161 | 67.6 | 35,883,613 | 77.1 | 28,429,517 | 66.7 |
| b) Net expenses for claims during the financial year ² | 30,475,350 | 69.4 | 30,213,273 | 74.9 | 24,398,785 | 67.4 |
| 6. a) Gross operating expenses | 13,313,081 | 26.0 | 12,497,232 | 26.8 | 12,378,357 | 29.0 |
| b) Net operating expenses | 11,717,113 | 26.7 | 11,220,548 | 27.8 | 10,849,465 | 30.0 |
| 7. a) Gross underwriting result ³ | 2,781,514 | 5.4 | -2,401,044 | -5.2 | 1,157,932 | 2.7 |
| b) Net underwriting result ⁴ | 1,289,401 | 2.9 | -1,636,042 | -4.1 | 448,478 | 1.2 |
| 8. Investment income | 14,535,008 | 33.1 | 15,014,979 | 37.2 | 13,214,401 | 36.5 |
| of which: current income ⁵ | 10,533,841 | 24.0 | 11,598,304 | 28.7 | 10,552,718 | 29.2 |
| 9. Investment expense | 4,310,904 | 9.8 | 6,310,881 | 15.6 | 4,025,462 | 11.1 |
| of which: current expense ⁵ | 1,962,714 | 4.5 | 2,142,694 | 5.3 | 1,762,969 | 4.9 |
| 10. Profit/loss for the year after tax ⁶ | 6,398,230 | 14.6 | 4,697,764 | 11.6 | 5,551,088 | 15.3 |
| Number of undertakings | 35 | | 35 | | 37 | |

1 As % of gross premiums earned; of which item 1. a) and 1. b) as % of total gross premiums written; items 4. b), 5. b), 6. b), 7. b), 8, 9 and 10 as % 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 Form 2 of the RechVersV.

5 In accordance with allocation in NW 201 of the BerVersV.

6 Corresponds to item II. 14 Form 2 of the RechVersV.

Table 641 Summary of individual classes of business
Reinsurance undertakings 2012

| Class of business | No. | Gross premiums earned | | Net premiums earned | | Claims expenses | | | | Operating expenses | | Underwriting result | |
|------------------------------|-----------|-----------------------|-------------------|---------------------|-------------------|-------------------------|-----------------------|-------------------------|-----------------------|-------------------------|-----------------------|-------------------------|-----------------------|
| | | in € 000's | | in € 000's | | FY | | | | in FY ¹ | | in % ⁶ | |
| | | in € 000's | in % ² | in € 000's | in % ³ | Gross in % ³ | Net in % ⁴ | Gross in % ³ | Net in % ⁴ | Gross in % ³ | Net in % ⁴ | Gross in % ³ | Net in % ⁴ |
| Life | 14 | 16,473,755 | 32.2 | 13,938,390 | 84.6 | 46.5 | 54.9 | 66.3 | 66.5 | 27.6 | 28.0 | 3.9 | 2.9 |
| Health | 15 | 5,096,379 | 10.0 | 4,758,936 | 93.4 | 70.5 | 75.5 | 78.4 | 80.7 | 20.8 | 19.7 | 2.2 | 1.2 |
| General accident | 19 | 1,202,453 | 2.4 | 1,002,613 | 83.4 | 48.8 | 58.5 | 33.1 | 33.8 | 36.3 | 36.2 | 19.3 | 23.1 |
| Liability | 24 | 4,293,160 | 8.4 | 3,722,570 | 86.7 | 73.8 | 85.1 | 88.1 | 90.8 | 28.1 | 29.7 | -16.1 | -14.8 |
| Motor | 18 | 5,790,287 | 11.3 | 5,290,697 | 91.4 | 80.8 | 88.4 | 82.6 | 84.0 | 25.2 | 25.6 | -7.6 | -7.7 |
| Aerospace/aviation | 9 | 452,068 | 0.9 | 367,496 | 81.3 | 55.0 | 67.7 | 53.7 | 56.0 | 15.2 | 14.7 | 31.1 | 28.3 |
| Fire | 26 | 7,232,339 | 14.1 | 6,048,925 | 83.6 | 53.2 | 63.6 | 51.6 | 53.5 | 21.4 | 23.1 | 26.5 | -4.5 |
| Transport | 21 | 1,276,396 | 2.5 | 1,061,287 | 83.1 | 85.3 | 102.6 | 71.5 | 64.4 | 23.6 | 25.7 | 4.9 | 3.0 |
| Credit and surety | 19 | 1,719,642 | 3.4 | 1,582,600 | 92.0 | 60.3 | 65.5 | 59.2 | 58.6 | 38.6 | 38.9 | 1.3 | -7.5 |
| Aerospace/aviation liability | 10 | 677,427 | 1.3 | 573,622 | 84.7 | 37.6 | 44.4 | 31.0 | 29.0 | 23.7 | 25.2 | 45.4 | 29.9 |
| Other property insurance | 24 | 5,725,102 | 11.2 | 4,584,706 | 80.1 | 61.4 | 76.7 | 69.1 | 74.1 | 24.6 | 25.7 | 5.8 | -0.2 |
| Other indemnity insurance | 27 | 1,113,080 | 2.2 | 903,433 | 81.2 | 51.5 | 63.5 | 51.3 | 57.9 | 37.9 | 39.1 | 10.6 | -3.2 |
| Total | 35 | 51,164,723 | 100.0 | 43,943,765 | 85.9 | 59.2 | 69.0 | 67.6 | 69.4 | 26.0 | 26.7 | 5.4 | 0.2 |

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

2 As % of total gross premiums earned.

3 As % of gross premiums earned.

4 As % of net premiums earned.

5 Before change in the equalisation provision and similar provisions; corresponds to item I. 9 Form 2 of the RechVersV.

6 After change in the equalisation provision and similar provisions; corresponds to item I. 11 Form 2 of the RechVersV.

Table 660 Selected financial ratios of reinsurance undertakings 2012¹
ranked by gross premiums earned

| Rank | R. no. | Name of insurance undertaking | Gross pre-miums earned | | Net pre-miums earned | Loss ratio ² | | CP ratio ³ | | Expense ratio ⁴ | Net underwriting result | | Investments ⁷ | | Net result FY ¹⁰ | |
|------|--------|-------------------------------|------------------------|---------------|----------------------|--------------------------|------------------------|--------------------------|------------------------|----------------------------|--|---|----------------------------|-----------------------------------|-----------------------------|-------------------------------|
| | | | in €m | in €m | | Gross in % ¹¹ | Net in % ¹² | Gross in % ¹¹ | Net in % ¹² | | before eq. prov. ⁵ in % ¹² | after eq. prov. ⁶ in % ¹² | Balance at end of FY in €m | Current re-turn ⁸ in % | | Net re-turn ⁹ in % |
| | | Industry | 51,165 | 43,944 | 70.3 | 71.9 | 148.7 | 173 | 26.0 | 26.7 | 2.9 | 0.2 | 256,098 | 4.2 | 4.1 | 14.6 |
| 1 | 6921 | MÜNCHEN. RÜCK | 25,869 | 23,998 | 71.3 | 72.5 | 134.4 | 144.8 | 25.3 | 25.8 | 2.7 | 0.4 | 75,618 | 4.5 | 4.5 | 10.0 |
| 2 | 6941 | HANNOVER RÜCK SE | 10,291 | 7,808 | 75.2 | 74.8 | 163.1 | 214.6 | 25.9 | 26.6 | 1.2 | -3.2 | 30,452 | 4.2 | 4.3 | 5.3 |
| 3 | 6949 | ALLIANZ SE | 3,718 | 3,192 | 62.4 | 68.1 | 172.7 | 201.2 | 25.0 | 27.3 | 6.7 | 1.6 | 96,206 | 3.5 | 3.1 | 72.1 |
| 4 | 6908 | E+S RÜCK | 2,699 | 2,135 | 79.5 | 83.7 | 191.0 | 240.9 | 23.5 | 23.8 | -0.1 | 0.3 | 10,289 | 3.2 | 3.4 | 6.7 |
| 5 | 6918 | GENERAL REINSURANCE | 2,171 | 2,115 | 61.1 | 62.5 | 227.3 | 233.3 | 29.6 | 29.8 | 12.3 | 9.4 | 10,025 | 3.1 | 3.4 | 15.8 |
| 6 | 6971 | GENERALI DEUTSCHL. | 1,538 | 1,340 | 62.3 | 60.5 | 72.6 | 83.3 | 33.0 | 35.6 | 3.7 | 9.7 | 10,753 | 4.7 | 4.6 | 23.0 |
| 7 | 6960 | R+V VERS. | 1,517 | 1,483 | 74.0 | 75.2 | 120.5 | 123.2 | 24.7 | 24.7 | 0 | -4.6 | 4,517 | 8.8 | 9.1 | - |
| 8 | 6907 | DT. RÜCKVERSICHERUNG | 733 | 393 | 62.3 | 66.2 | 92.8 | 172.4 | 33.9 | 32.2 | -4.3 | -5.0 | 1,140 | 3.2 | 3.4 | 0.8 |
| 9 | 6970 | VERSK. BAYERN K.-RÜCK | 553 | 364 | 63.6 | 67.4 | 120.2 | 182.5 | 29.4 | 27.8 | 2.1 | 0.3 | 595 | 3.5 | 4.0 | 4.8 |
| 10 | 6988 | HDI-GERLING WELT | 467 | 0 | 59.6 | - | 131.3 | *** | 11.9 | *** | *** | *** | 115 | 0.7 | 0.6 | 0.3 |
| 11 | 6930 | VERBAND ÖFFENTL. VERS. | 332 | 247 | 58.1 | 68.9 | 408.9 | 549.5 | 49.9 | 46.5 | -13.2 | -12.8 | 1,389 | 3.8 | 3.7 | 0.6 |
| 12 | 6973 | DEVK RÜCKVERSICHER. | 287 | 185 | 66.3 | 68.2 | 74.1 | 114.8 | 23.7 | 23.6 | -17 | -29.1 | 1,772 | 9.8 | 9.8 | 20.6 |
| 13 | 6958 | WÜSTENROT & WÜRTEMB. | 283 | 222 | 61.4 | 66.0 | 151.1 | 192.3 | 30.0 | 31.8 | 2.3 | -2.5 | 2,804 | 6.4 | 4.6 | 31.5 |
| 14 | 6985 | PROV.NORDWEST HOLD. | 200 | 86 | 38.1 | 53.9 | 50.5 | 117.6 | 29.1 | 38.6 | 5.6 | 0.9 | 1,951 | 8.3 | 7.4 | 96.0 |
| 15 | 6807 | AEGIDIUS RÜCK | 101 | 97 | 52.2 | 54.4 | 3.8 | 3.9 | 31.6 | 32.9 | 12.7 | 12.7 | 68 | 1.8 | 0.3 | 8.4 |
| 16 | 6946 | RISICOM RÜCK | 80 | 77 | 98.9 | 86.1 | 336.9 | 350.0 | 4.1 | 4.3 | 9.6 | -2.4 | 308 | 1.6 | 1.9 | 3.0 |
| 17 | 6806 | TRANSATLANTIC RE (US) | 64 | 64 | 64.6 | 64.9 | 131.3 | 132.0 | 27.4 | 27.5 | 7.6 | 0.7 | 100 | 1.7 | 2.1 | -1.3 |
| 18 | 6986 | PROV.RHEINL.HOLDING | 60 | 6 | 12.5 | 15.7 | 17.9 | 156.5 | 81.2 | 64.7 | 20.1 | 20.1 | 754 | 16.4 | 15.4 | 894.6 |
| 19 | 6964 | SV SPARKASSENVERSICH. | 56 | 34 | 40.2 | 31.7 | 43.6 | 71.1 | 46.8 | 57.3 | 5.5 | 3.7 | 1,178 | 6.2 | 6.2 | 123.0 |
| 20 | 6925 | KIELER RÜCK | 27 | 6 | 52.1 | 53.2 | 23.9 | 100.7 | 34.3 | 30.0 | 16.7 | 4.5 | 10 | 3.7 | 5.1 | 5.1 |
| 21 | 6950 | DELVAG RÜCK | 25 | 23 | 65.9 | 69.0 | 116.1 | 128.1 | 21.4 | 23.1 | 5.5 | -0.2 | 146 | 3.1 | 3.0 | - |
| 22 | 6993 | INCURA AG | 13 | 13 | 23.5 | 23.5 | 39.2 | 39.2 | 14.9 | 14.9 | 61.6 | 36.6 | 122 | 3.2 | 3.2 | 48.2 |

| Rank | R. no. | Name of insurance undertaking | Gross pre-miums earned | | Net pre-miums earned | | Loss ratio ² | | CP ratio ³ | | Expense ratio ⁴ | | Net underwriting result | | Investments ⁷ | | Net result FY ¹⁰ | |
|------|--------|-------------------------------|------------------------|-------|--------------------------|------------------------|--------------------------|------------------------|--------------------------|------------------------|--|---|----------------------------|-------------------------------------|---------------------------------|--------------------|-----------------------------|--|
| | | | in €m | in €m | Gross in % ¹¹ | Net in % ¹² | Gross in % ¹¹ | Net in % ¹² | Gross in % ¹¹ | Net in % ¹² | before eq. prov. ⁵ in % ¹² | after eq. prov. ⁶ in % ¹² | Balance at end of FY in €m | Current re- turn. ⁸ in % | Net re- turn. ⁹ in % | in % ¹² | | |
| 23 | 6989 | HDI-GERLING FRIEDRICH | 11 | 11 | 73.8 | 73.8 | 11.3 | 11.3 | 27.7 | 27.7 | 4.0 | 4.0 | 828 | 0.1 | 0.1 | - | | |
| 24 | 6984 | FREUDENBERG RÜCKVERS. | 7 | 7 | 14.3 | 14.4 | 23.4 | 23.5 | 9.8 | 9.9 | 75.8 | 19.2 | 10 | 1.2 | 0.5 | 14.7 | | |
| 25 | 6982 | HUK-COBURG HOLDING | 5 | 4 | 52.5 | 66.0 | 19.1 | 24.0 | 29.7 | 37.4 | -3.4 | -3.4 | 2,440 | 9.0 | 8.0 | *** | | |
| 26 | 6998 | REVIUM | 4 | 4 | 112.9 | 112.9 | 224.2 | 224.2 | 7.5 | 7.5 | -20.4 | -50.1 | 15 | 2.3 | 1.4 | - | | |
| 27 | 6978 | DIEHL ASSEKUR. RÜCK. | 2 | 1 | 18.1 | 23.3 | 252.7 | 420.3 | 19.0 | 18.4 | 56.5 | 56.5 | 4 | 3.9 | 5.9 | 0.0 | | |
| 28 | 6996 | THYSSENKRUPP REIN-AG | 1 | 1 | 160.9 | 184.6 | 200.1 | 229.6 | 0.2 | 0.3 | -84.9 | -33.5 | 2 | 1.4 | 1.3 | -17.1 | | |
| 29 | 6992 | HOCHRHEIN INTERNAT. | 0 | 0 | *** | 519.7 | *** | *** | *** | -317.4 | -92.6 | -92.6 | 37 | 2.5 | 2.1 | 225.4 | | |
| 30 | 6917 | HAMB.INTERNATION. RÜCK | 0 | 0 | *** | *** | *** | *** | 835.1 | 835.1 | *** | *** | 37 | 4.6 | 5.6 | *** | | |
| 31 | 6935 | HANSEATICA RÜCK | 0 | 0 | *** | *** | *** | *** | *** | *** | *** | *** | 37 | 5.8 | 5.9 | *** | | |

1 Includes annual financial statements as at the September and December balance sheet dates of the year under review and as at the June balance sheet date of the subsequent year.

2 Includes expenses for surrenders, refunds and sums granted upon withdrawal (claims ratio in the financial year including result from gross claims provisions (CP) carried forward from previous year and used for settlement of insurance claims outstanding).

3 Provisions for claims outstanding, including surrenders, refunds and sums granted upon withdrawal (item E. III under liabilities of Form 1 of the RechVersV).

4 Total operating expenses.

5 Before changes in the equalisation provision and similar provisions (item I. 9 under liabilities of Form 2 of the RechVersV).

6 After changes in the equalisation provision and similar provisions (item I. 11 under liabilities of Form 2 of the RechVersV).

7 Includes deposits retained from the reinsurance business accepted.

8 Items II. 1. a), b) and e) of Form 2 of the RechVersV as % of the arithmetic mean of the investments at the beginning and end of the year under review.

9 Item II. 1. less item II. 2. of Form 2 of the RechVersV as % of the arithmetic mean of the investments at the beginning and end of the year under review.

10 Profit/loss for the year after tax (item II. 14 of Form 2 of the RechVersV).

11 As % of gross premiums earned.

12 As % of net premiums earned.



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