2000

Munich Reinsurance Company
Annual Report

SEEING THE WHOLE PICTURE

>>

Münchener Rück
Munich Re Group

Munich Reinsurance Company

	1998* in €m	1999 in €m	2000 in €m
Gross premiums written	9,952	10,955	12,818
Investments	36,062	40,211	43,384
Net underwriting provisions	29,227	32,355	34,559
Shareholders' equity	3,324	3,951	4,228
Profit for the year	158	328	441
Dividend	81	168	221
Dividend per share in €	0.92	0.95	1.25
Share price at 31st December in €	206.31	251.80	380.00
Market capitalization at 31st December	36,103	44,548	67,239

* Balance sheet date changed to 31st December.

Munich Reinsurance Company
Report for the 121st year of business
1st January 2000 to 31st December 2000

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Note: The abbreviation T€ used in this report stands for thousand euros.

01

REPORT OF THE SUPERVISORY BOARD

Ladies and gentlemen,
In the business year 2000 Munich Re took important strategic steps to consolidate and extend its position in the insurance and reinsurance markets. In so doing, it was able to continue building on very solid financial foundations.

During the period under review we monitored the Board of Management and gave counsel where appropriate. The Board of Management regularly informed us about the business progress and the state of the company.

Meetings of the Supervisory Board
At four meetings, the Supervisory Board obtained detailed information from the Board of Management on the situation in the main insurance and reinsurance markets, the development of business and the position of the company and its main participating interests. We discussed these reports and important individual measures intensively. Between the meetings, the Chairman of the Supervisory Board remained in close contact with the Chairman of the Board of Management and obtained ongoing information on all relevant business transactions.

All members of the Supervisory Board were notified without delay, as well as at the meetings, about transactions that were of particular significance for the further development of the Group. This included the plans of Munich Re and Allianz to restructure their shareholdings in jointly held companies and to reduce their reciprocal shareholdings to around 20% each.

The Board of Management explained at length why Munich Re is being given a new organizational structure in reinsurance business.

We were informed in detail by the Board of Management about the strategic planning for the business year 2001. In this context we closely considered the existing management tools and the possibilities for refining the planning and controlling processes within Munich Re. We were given additional reports about specific features of marine insurance and about the consequences for the Munich Re Group resulting from the German government's pension reform plans.

Fundamental questions of corporate governance and risk management for Munich Re featured several times on the agenda of Supervisory Board meetings. We are convinced that Munich Re meets all the main requirements of modern, transparent monitoring of corporate activities. In addition, Munich Re is in a position to promptly identify, evaluate and control risks that could have a significant adverse effect on the assets, liabilities, financial position or results of the Munich Re Group.

The Annual General Meeting on 19th July 2000 adopted a number of amendments to the Articles of Association. In particular, the approval of a new amount for capital increases and the authorization to buy back shares were discussed with the Supervisory Board as a preparatory measure.

The Board of Management also informed us regularly about problems in connection with the Holocaust and forced-labour compensation, and consulted us before Munich Re joined the Foundation Initiative of German Enterprises: Remembrance, Responsibility and Future.

Supervisory Board committees
The Standing Committee met three times in 2000. Its work included matters for which the Supervisory Board's approval was required under the internal rules of procedure. The Board of Management Committee also met three times in order to deal with personnel matters involving members of the Board of Management. No meeting of the Conference Committee was required.

Annual financial statements
KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft audited the following documents and gave them an unqualified auditor's opinion: the Munich Reinsurance Company's bookkeeping, its company financial statements and the consolidated financial statements as at 31st December 2000, as well as the management reports for the company and the Group. The auditor's reports were promptly given to all the members of the Supervisory Board. After a detailed discussion between the Chairman of the Supervisory Board and the auditor, there was also extensive consideration of the company financial statements and the consolidated financial statements, the management reports and the auditor's reports at the meeting of the Supervisory Board on 28th May 2001, at which the auditor was present.

The Supervisory Board has examined the company financial statements, the consolidated financial statements, the management reports and the proposal of the Board of Management for appropriation of the balance sheet profit. No objections resulted from the examination.

At the balance sheet meeting of the Supervisory Board, the annual financial statements drawn up by the Board of Management were approved and adopted. We agree to the Board of Management's proposal for the appropriation of the balance sheet profit, which provides for a dividend of €1.25 per share.

Composition of the Supervisory Board and the Board of Management
With effect from 30th June 2000, Mr. Dieter Göbel ceased to be a member of the Board of Management, having reached retirement age. At the same date Dr. Claus Helbig retired prematurely from the Board by mutual agreement. The area of investments, which he had successfully taken care of on the Board since 1st March 1993, was transferred to MEAG MUNICH ERGO AssetManagement GmbH when it commenced operations on 1st April 2000. Both gentlemen served our company with great personal dedication. We thank them for their responsible and successful work on behalf of Munich Re.

With effect from 1st January 2000, we appointed Dr. Nikolaus von Bomhard (44) a member of the Board of Management. He has been with the company for many years, and most recently headed Munich Re's business unit in São Paulo. With effect from 1st April 2000, we also appointed Dr. Jörg Schneider (42) to the Board of Management. He joined the company in 1988 and headed the Group section of the Asset Management Division prior to becoming a Board member. On being appointed to the Board of Management, Dr. Schneider gave up his seat on the Supervisory Board as at 31st March 2000. Mr. Klaus Biebrach was appointed his successor on the Supervisory Board.

The Supervisory Board wishes to express its thanks and appreciation to the members of the Board of Management and all staff for their hard work and commitment.

Munich, 28th May 2001

For the Supervisory Board

Ulrich Hartmann
Chairman

SUPERVISORY BOARD

CHAIRMAN
Ulrich Hartmann
Chairman of the Board of Management of E.ON AG

DEPUTY CHAIRMAN
Herbert Bach
Employee of the Munich Reinsurance Company

DEPUTY CHAIRMAN
Dr. jur. Henning Schulte-Noelle
Chairman of the Board of Management of Allianz AG

Hans-Georg Appel
Employee of the Munich Reinsurance Company

Klaus Peter Biebrach (from 12th April 2000)
Employee of the Munich Reinsurance Company

Dr. jur. Rolf-E. Breuer
Spokesman of the Board of Management of Deutsche Bank AG

Peter Burgmayr
Employee of the Munich Reinsurance Company

Rudolf Ficker
Former Member of the Board of Management of the Munich Reinsurance Company

Prof. Dr. rer. nat. Henning Kagermann
Co-Chairman of the Executive Board and Chief Executive Officer of SAP AG

Gertraud Köppen
Employee of the Munich Reinsurance Company

Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand Piëch
Chairman of the Board of Management of Volkswagen AG

Dr. jur. Dr.-Ing. E. h. Heinrich von Pierer
President and Chief Executive Officer of Siemens AG

Dr. jur. Albrecht Schmidt
Spokesman of the Board of Management of Bayerische Hypo- und Vereinsbank AG

Dr. jur. Jörg Schneider (until 31st March 2000)
Member of the Board of Management of the Munich Reinsurance Company (from 1st April 2000)

Dr. rer. nat. Klaus Schumann
Employee of the Munich Reinsurance Company

Dr. phil. Ron Sommer
Chairman of the Board of Management of Deutsche Telekom AG

Wolfgang Stögbauer
Employee of the Munich Reinsurance Company

Josef Süßl
Employee of the Munich Reinsurance Company

Dr. rer. pol. Alfons Titzrath
Chairman of the Supervisory Board of Dresdner Bank AG

Judy Võ
Employee of the Munich Reinsurance Company

Ludwig Wegmann
Employee of the Munich Reinsurance Company

For seats held on other supervisory boards and comparable bodies see page 37 f.

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BOARD OF MANAGEMENT

Dr. jur. Hans-Jürgen Schinzler (Chairman)

Executive Offices
Press
Internal Auditing

Dr. jur. Wolf Otto Bauer

Corporate Underwriting/Global Clients
together with Stefan Heyd

Dr. jur. Nikolaus von Bomhard

Europe 2 and Latin America
together with Dr. jur. Hans-Wilmar von Stockhausen

Clement Booth

Special and Financial Risks
Investor Relations
Strategic Planning

Dr. jur. Heiner Hasford

Finance
General Services
Company Structure and Organization

Stefan Heyd

Corporate Underwriting/Global Clients
together with Dr. jur. Wolf Otto Bauer

Christian Kluge

Europe 1
together with Dr. jur. Hans-Wilmar von Stockhausen
Corporate Communications

Dr. phil. Detlef Schneidawind

Life and Health
Personnel

Dr. jur. Jörg Schneider (from 1st April 2000)

Accounting
Controlling
Taxes
Information Technology

Dr. jur. Hans-Wilmar von Stockhausen

Europe 1
together with Christian Kluge
Europe 2 and Latin America
together with Dr. jur. Nikolaus von Bomhard

Karl Wittmann

Asia, Australasia, Africa
North America

Dieter Göbel (until 30th June 2000)

Dr. jur. Claus Helbig (until 30th June 2000)

Division of responsibilities as from 1st July 2001

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MANAGEMENT REPORT

As a professional reinsurer, the Munich Reinsurance Company operates worldwide in all classes of insurance. It is the parent company of the Munich Re Group, whose business encompasses reinsurance, primary insurance and asset management.

In the business year 2000 the Munich Reinsurance Company wrote premium income of €12.8bn (11.0bn). This growth of 17.0% was substantially attributable to favourable changes in exchange rates. The share of our business from foreign clients has steadily increased in the last few years; this trend continued. German clients now contribute only 40% (45%) of our premium income.

The underwriting result improved on the very bad previous year, but less than expected. Although our claims costs from natural catastrophes were considerably lower, our experience in other business was very unsatisfactory. This is reflected in the respective combined ratios: including claims costs from natural catastrophes, our combined ratio decreased to 115.7% (120.6%), but excluding these claims costs it rose to 111.7% (107.2%). There was nevertheless an appreciably reduced withdrawal of €82m (542m) from the claims equalization provisions compared with the previous year. Altogether, this meant that we showed a significantly increased underwriting loss of €1,007m (763m).

We once more succeeded in improving our investment result, which amounts to €2,927m (2,711m). In accordance with accounting regulations, €957m (1,012m) of this has been incorporated in the underwriting result.

Special allocations to the provisions for outstanding claims were somewhat higher than in the previous year, totalling €140m (102m).

The profit for the year amounts to €441m (328m). After allocation of €220m (160m) to the revenue reserves, the balance sheet profit remaining is €221m (168m). This has been earmarked for distribution to shareholders in the form of an increased dividend of €1.25 per share.

Classes of business

In **life** business we were able to record a significant increase in premium income and another pleasing profit. As we see it, life insurance continues to offer good opportunities for growth. Given the mounting problems of state social security systems, an ageing population will have to make increasing use of private insurance to provide for old age, disability and long-term care. The development and privatization of systems of provision for old age and surviving dependants in a whole range of markets will create additional business potential for us in the medium to long term. General prospects for growth are, however, tempered somewhat in many markets by keen price competition and continuing consolidation processes in primary insurance.

In **health** business our premium also rose substantially. In a number of growth markets we succeeded in extending our portfolio further, and we benefited from remedial premium increases. After a small profit in the previous year, the result this time was slightly negative. For 2001 we expect further growth and a better result, owing to successful remedial measures and improvements in claims management.

Premium growth in **personal accident** was driven by expansion of our foreign business. The result was again negative. For 2001 we anticipate premium income of the same order as last year; our remedial measures in workers' compensation business should have a positive effect on the result.

In **liability** we were able to keep our premium volume stable, despite further increases in retentions and the persisting trend towards non-proportional covers. The result, however, deteriorated. Demand for highly specialized reinsurance products to cover complex risks and new products has continued to rise, which should enable us to grow our premium income in 2001. The development of results will vary, depending on the situation in the respective market; on balance, the result should be somewhat better.

The distinct increase in premium from **motor** derives from our foreign business. We took advantage of opportunities to participate in new business in rapidly expanding markets. The result was again adversely affected by the hard competition in the German primary insurance market, resulting in another large deficit. We expect the year 2001 to show growth in premium income and improved results.

We were able to record notable growth in premium income from **marine, aviation and space.** This was attributable partly to currency effects and premium increases, but also to selective expansion of business in sectors where we see positive development prospects. The result was unsatisfactory. Despite the absence of spectacular major losses, we recorded a significantly higher deficit, which stemmed mainly from our participations in London market business. We are proceeding on the assumption that the market has now bottomed out and therefore expect considerable growth and a major improvement in the result for 2001.

The leap in premium income from our **fire** business came from our foreign portfolio, which we have expanded further. In addition, changes in exchange rates had a positive impact on premium figures. The result was not satisfactory. Although there was a big fall in claims costs from natural catastrophes, the persistently high claims burdens from other major losses and the inadequate premium level worldwide meant that we again had to record a considerable deficit. The heavy natural catastrophe losses of December 1999 in particular occurred too late to have a substantial impact on the capacity offered on the reinsurance markets. Only in a few countries did it prove possible to bring prices more in line with the technically necessary level. We do not expect premium income to show much change in 2001. We have discarded business which did not meet our price requirements. Premium lost through this should be compensated for by premium growth from appropriately rated business. In other words, the quality of our portfolio has improved, which should have a positive effect on the result. However, the decisive factor will be what claims costs we have to bear from natural catastrophes and other major losses.

Premium income in the **engineering** classes of business (machinery, EAR, CAR, electronic equipment, etc.) was up on the previous year, although this was partly attributable to changes in currency parities. The negative result is mainly due to high claims costs from major losses, but it also reflects premium rates, which have fallen substantially in recent years. Rates have now stabilized and, in some countries which are important for our business, have even started to rise again, with more limited scope of cover. We therefore expect increased premium income and a reduced deficit for 2001.

All remaining classes of business together showed slight growth in premium income. The combined result was much better than in the previous year, which had been badly hit by claims costs from natural catastrophes.

Subsumed under the heading **"other classes of business"** are all the remaining classes of property insurance (burglary, glass, hail, water damage, contingency, windstorm, livestock and householders' and homeowners' comprehensive insurance), as well as business interruption, credit, fidelity guarantee, legal expenses, baggage insurance, and the specie insurance of private risks.

For 2001 we expect the overall premium volume for "other classes of business" to increase and the result to improve further.

Investments

The carrying amount of the Munich Reinsurance Company's investments (without deposits retained on assumed reinsurance) rose by 8.7% to €26.3bn (24.2bn).

The item "real estate" remained unchanged at €1.0bn (1.0bn).

Mainly as a result of intra-Group financing transactions, investments in affiliated enterprises and participating interests grew by 8.5% to €10.2bn (9.4bn).

The other investments showed a rise of 9.4% to €15.1bn (13.8bn). The reasons for this were growth of 4.4% in shares and investment fund certificates to €9.4bn (9.0bn) and an increase of 31.6% in bearer bonds to €5.0bn (3.8bn).

The market value of our real estate, equity investments (shareholdings in affiliated enterprises, participating interests, shares and investment fund certificates) and bearer bonds amounted to €66.9bn (57.7bn) at 31st December 2000, representing an increase of 15.9% on the previous year's market value. This pleasing development was primarily due to our portfolio of insurance stocks. In the year under review the MSCI Insurance Index on a euro basis rose by 27.2%, whereas the DAX fell by 7.5% over the same period.

Overall income from investments grew by 3.2% to €3.2bn (3.1bn). Dividends from participating interests decreased to €489.7m (743.1m), owing to the absence of special dividends. In contrast, realized capital gains increased to €512.2m (345.3m). These gains resulted largely from the exchange of shares in ASR Verzekeringsgroep for Fortis shares. Losses on the disposal of investments totalled €44.6m (34.2m).

Income from real estate amounted to €148.3m (154.2m) and income from other investments to €1.9bn (1.8bn).

Expenses for writedowns totalled €89.4m and were thus significantly lower than the previous year's €195.4m.

The investment result improved by 7.4% to €2.9bn (2.7bn).

Prospects

We expect further growth in premium income for the current business year. The mainstay of this will be life business, but liability, marine, aviation and space business should also expand.

During the last renewals we achieved higher prices and improved conditions in many sectors. This should have a positive impact on the underwriting results. However, the decisive factor will be what claims costs we incur from natural catastrophes and other major losses over the rest of the risk period.

The volume of our investments is likely to increase further. This should have a favourable effect on regular investment income. Ultimately, however, the decisive factor will be the performance of the important capital markets for us up to 31st December 2001.

At the beginning of April 2001 Munich Re and Allianz AG announced a further restructuring of their shareholdings in jointly held subsidiaries and participating interests. Allianz will acquire from the Munich Re Group all its shares in Dresdner Bank and its 40.6% interest in Allianz Lebensversicherungs-AG. Besides this, Munich Re will make available shares of 4% in Allianz for the offer to Dresdner Bank shareholders. This will reduce Munich Re's stake in Allianz to 21%.

In return, the Munich Re Group will acquire from Allianz and Dresdner Bank all of their shares in HypoVereinsbank (13.55% and 2.5% respectively). Furthermore, Munich Re will increase its holding in ERGO Versicherungsgruppe AG from 62.9% to up to 95%; HypoVereinsbank will hold a stake of 5% in ERGO. Allianz's stake in Munich Re will be reduced to 23%.

All the transactions are scheduled to be completed next year, following approval by the competent authorities. They will lead to better use of the existing shareholders' equity and, quite apart from high tax-free capital gains, will have a lasting positive effect on results.

Altogether, we currently expect the Munich Reinsurance Company to achieve a result for the year of the same high level as last year.

Risks of future development

How do reinsurers make their living? They do so from assuming risks – this is the core of their business.

In an increasingly complex environment, our professional risk management provides security for our clients on the one hand and earnings and appreciation in value for our shareholders on the other. In keeping with the nature of our business, we also take on substantial underwriting risks as long as these are sufficiently transparent and their assumption is worthwhile for us and hence for our shareholders.

Over the course of time we have developed a whole range of processes and tools that enable us to identify, evaluate and control risks. We are continually reviewing our operational procedures and methods with an eye to adjusting them to take account of changes in risks. Our Internal Auditing Division regularly checks the efficiency of our internal control system.

The normal market risks which every company faces are important for the Munich Reinsurance Company, such as the appearance of new competitors or the launching of new products. But of special significance are the underwriting risks, the risks in the investment sector and the currency risk.

Underwriting risks
These include above all

- the risk of random fluctuations: higher claims than expected are incurred owing to chance factors, e. g. as a consequence of natural catastrophes;
- the risk of change: legal or economic parameters or even behavioural patterns are subject to change; it is not always possible to counter such changes quickly enough by adjustments in the prices or conditions of insurance or reinsurance cover.

We seek to control the underwriting risks by means of the following measures in particular:

- A balanced mix and spread of business between classes of business and markets
- Precise underwriting guidelines, whose implementation we constantly monitor
- Strictly controlled budgets for the reinsurance of natural catastrophe risks, the scope of which is fixed annually for a number of potential loss scenarios
- Effective planning and controlling instruments and suitable structures for ensuring that we have sufficient early warning of all important developments for the Munich Reinsurance Company, that we can initiate the requisite measures in good time, and can monitor them appropriately
- A conservative valuation of the provisions we make for uncertain liabilities arising from our commitments, with claims provisions generally not subject to any discounting
- Retrocession cover for certain risks we have assumed, with high standards applied to the security of our retrocessionaires

Risks in the investment sector
In the investment sector we are exposed above all to interest-rate risks, market risks and credit risks. How do we counter these? In the main by means of
- a broad mix of investments,
- a geographical spread of investments which follows that of our underwriting business,
- a careful selection of issuers,
- and also, in individual cases, through the strictly controlled use of derivative financial instruments.

Adherence to the strict investment guidelines for our portfolio managers is permanently monitored by an organizationally separate risk management team. In addition, we regularly check the investment guidelines and the organizational measures (e.g. functional separation of trading and administration, controls) and adjust these to take account of current developments where necessary.

Currency risks
A substantial portion of our reinsurance business is conducted in foreign currencies. This leads to currency risks. We endeavour to reduce these by matching our liabilities in foreign currencies with assets in the same or similar currencies, so that exchange gains and losses largely neutralize each other. In individual cases, selective use is also made of derivative financial instruments for hedging purposes.

Security in the IT sector
In a world that is becoming increasingly networked and more and more dependent on the availability and confidentiality of electronically stored and transferred information, security risks are growing larger and larger. We attach the greatest importance to the protection of our own data and the data entrusted to us, as well as to the secure operation of our computer systems. Our protection measures cover the whole life cycle of all information, i.e. from its generation or receipt to its erasure, disposal or mailing. We therefore devote ourselves to the issue of information security (IS) in its entirety, which includes IT security. Our staff within and outside the IT organization, as well as our projects, are guided by the IS strategy which the Corporate Information Security Officer (CISO) has developed. The IS Office and the IS Organization are working intensively on expanding our security concept further.

Changeover to the euro
We began our preparations for the euro at a very early stage. Conversion to the euro has proceeded without any problems in the business transactions with our clients. We have also completed the changeover internally: the euro has replaced the D-mark in our internal business processes.

Corporate integrity
It goes without saying that in business transactions we must observe the laws and regulations of each country and compete in the market with legal and fair means. Only a company that respects the law can claim to be a reliable and trustworthy business partner. On the other hand, precautions must also be taken to ensure that other companies or third parties do not resort to unfair methods in business transactions with us.

We have set out the principles of proper conduct in guidelines that are binding on all staff in the Munich Re Group. The clarifications provided in these guidelines serve to avoid disadvantages for Munich Re and conflicts of interest for staff as far as possible.

Insider rules
Even the suspicion of an infringement of insider laws can have a very detrimental effect on Munich Re's reputation and standing. The company has therefore taken measures to prevent such infringements. In addition, we have appointed a compliance officer, whose main duty is to ensure that insider information is handled in conformity with the law. This officer is responsible for Munich Re's compliance system and monitors adherence to insider regulations.

Legal risks
In the last few years the Holocaust issue has occupied us a great deal. Lawsuits were brought against Munich Re and VICTORIA Leben in the US. However, these were dismissed by the courts after the establishment of the Foundation Initiative of German Enterprises: Remembrance, Responsibility and Future, to which Munich Re has made a substantial financial contribution. The Foundation has met the basic requirements for the creation of full and lasting relief from legal action before US courts. But as a result of special Holocaust legislation, Munich Re and its American subsidiaries continue to be subject to far-reaching reporting requirements and administrative action by insurance regulatory bodies in various US states; in individual cases we have had to appeal against measures in the courts. After several successes at first instance, final decisions are still pending in California.

Independent of this, we do not see any significant risks of lawsuits.

Outlook
Markets, products, structures and operations are subject to processes of change at ever shorter intervals. This means continual changes in risks. Thus, in addition to monitoring known risks, we must attach equal importance to identifying new ones. It must be taken into account that new risks may also result from opportunities not being recognized and therefore not exploited.

Here we intend to link value-based management – and in particular the introduction of a balanced scorecard – closely to our risk management system. This will help us to identify both risks and opportunities in good time and to react at an appropriately early stage.

Summary of the risk position

Altogether, we cannot perceive any development at present that could have a lasting and significant adverse effect on the assets, liabilities, financial position or results of the Munich Reinsurance Company.

04

Financial statements

Balance sheet as at 31st December 2000

ASSETS	Notes	T€	T€	T€	T€	Prev. year T€
A. Intangible assets	(1)				35,419	29,461
B. Investments	(2, 3)					
I. Real estate				1,038,147		1,038,492
II. Investments in affiliated enterprises and participations*						
1. Shares in affiliated enterprises			9,117,359			9,091,659
2. Loans to affiliated enterprises			788,785			4,995
3. Participations			230,143			255,530
4. Loans to participations			46,766			44,086
				10,183,053		9,396,270
III. Other investments						
1. Shares, investment fund certificates and other non-fixed-interest securities			9,375,097			8,951,337
2. Bearer bonds and other fixed-interest securities			4,956,502			3,755,867
3. Mortgage loans			11,556			11,761
4. Other loans						
a) Registered bonds		67,635				208,938
b) Loans and promissory notes		261,193				613,799
			328,828			822,737
5. Deposits with banks			388,697			226,608
6. Miscellaneous investments			23,706			5
				15,084,386		13,768,315
IV. Deposits retained on assumed reinsurance business				17,078,611		16,007,681
					43,384,197	40,210,758

* Companies in which a participating interest is held.

	Notes	T€	T€	T€	T€	Prev. year T€
C. Receivables						
I. Accounts receivable on reinsurance business Thereof from – affiliated enterprises: T€368,731 (334,355) – participations: T€339,915 (414,150)				2,551,134		1,926,331
II. Other receivables Thereof from – affiliated enterprises: T€221,468 (617,754) – participations: T€1,568 (17,021)				606,096		1,096,112
					3,157,230	3,022,443
D. Other assets I. Tangible assets and inventories				11,941		10,682
II. Cash at bank in current accounts, cheques and cash in hand				76,594		19,639
III. Other assets				0		14,967
					88,535	45,288
E. Deferred taxes					347,380	308,397
F. Other deferred items	(4)					
I. Accrued interest and rent				85,085		85,573
II. Miscellaneous deferred items				10,845		3,185
					95,930	88,758
Total assets					47,108,691	43,705,105

EQUITY AND LIABILITIES	Notes	T€	T€	T€	Prev. year T€
A. Shareholders' equity	(5)				
I. Issued capital			452,977		452,915
II. Capital reserve			2,712,388		2,708,162
III. Revenue reserves			841,799		621,799
IV. Balance sheet profit			221,180		168,074
				4,228,344	3,950,950
B. Special reserve	(6)			273,779	297,543
C. Underwriting provisions	(7)				
I. Unearned premiums					
1. Gross amount		2,316,751			2,018,544
2. Less for retroceded business		237,716			255,696
			2,079,035		1,762,848
II. Provision for future policy benefits					
1. Gross amount		16,996,619			15,836,528
2. Less for retroceded business		2,536,420			2,767,429
			14,460,199		13,069,099
III. Provision for outstanding claims					
1. Gross amount		16,077,658			15,427,355
2. Less for retroceded business		1,143,585			1,096,295
			14,934,073		14,331,060
IV. Provision for premium refunds					
1. Gross amount		18,146			18,166
2. Less for retroceded business		4,025			3,998
			14,121		14,168
V. Claims equalization provision and similar provisions			2,736,691		2,803,407

	Notes	T€	T€	T€	Prev. year T€
VI. Other underwriting provisions					
1. Gross amount		339,912			375,387
2. Less for retroceded business		5,346			927
			334,566		374,460
				34,558,685	32,355,042
D. Other accrued liabilities	(8)				
I. Provisions for employees' pensions and similar commitments			184,390		169,597
II. Provisions for tax			699,775		750,756
III. Miscellaneous			248,963		241,708
				1,133,128	1,162,061
E. Deposits retained on retroceded business				2,717,513	2,811,170
F. Other liabilities					
I. Accounts payable on reinsurance business Thereof to – affiliated enterprises: T€104,015 (107,939) – participations: T€257,752 (252,588)			1,918,421		1,614,966
II. Notes and debentures	(9)		1,160,481		0
III. Amounts owed to banks	(10)		676,593		691,800
IV. Miscellaneous liabilities Thereof towards – affiliated enterprises: T€188,734 (593,837) – participations: T€164,777 (162,115) Thereof from taxes: T€6,876 (5,669) Thereof for social security: T€2,411 (2,330)	(11)		441,393		820,857
				4,196,888	3,127,623
G. Deferred items	(12)			354	716
Total equity and liabilities				47,108,691	43,705,105

Income statement for the business year 2000

ITEMS	Notes	T€	T€	T€	Prev. year T€
I. Technical account					
1. Earned premiums for own account a) Gross premiums written b) Retrocession premiums		12,818,452 1,517,577			10,955,151 1,355,734
			11,300,875		9,599,417
c) Change in gross unearned premiums d) Change in retroceded share of unearned premiums		–292,292 –20,052			–50,103 49,035
			–312,344		–1,068
				10,988,531	9,598,349
2. Interest income on underwriting provisions for own account	(14)			800,388	828,746
3. Other underwriting income for own account				497	361
4. Claims incurred for own account a) Claims paid aa) Gross amount bb) Retroceded amount		8,940,858 898,564			7,505,348 773,321
			8,042,294		6,732,027
b) Change in provision for outstanding claims aa) Gross amount bb) Retroceded amount		252,533 37,688			1,149,546 185,852
			214,845		963,694
				8,257,139	7,695,721
5. Change in other underwriting provisions for own account a) Net provision for future policy benefits b) Other net underwriting provisions			–937,936 15,539		–810,895 –46,735
				–922,397	–857,630
6. Expenses for premium refunds for own account				8,148	5,066

	Notes	T€	T€	T€	Prev. year T€
7. Operating expenses for own account	(15)				
a) Gross operating expenses			4,077,303		3,451,485
b) Less commission received on retroceded business			408,776		301,038
				3,668,527	3,150,447
8. Other underwriting expenses for own account				22,033	23,741
9. Subtotal				**–1,088,828**	**–1,305,149**
10. Change in claims equalization provision and similar provisions				82,194	542,453
11. Underwriting result for own account	(13)			**–1,006,634**	**–762,696**

	Notes	T€	T€	T€	T€	Prev. year T€
II. Non-technical account						
1. Investment income	(16)					
a) Dividends from participations Thereof from affiliated enterprises: T€356,070 (709,856)			489,746			743,077
b) Income from other investments Thereof from affiliated enterprises: T€296,608 (270,785)						
aa) Rents from real estate		148,298				154,218
bb) Income from other investments		1,931,521				1,810,350
			2,079,819			1,964,568
c) Income from write-ups	(18)		69,383			72,396
d) Realized gains on investments			512,203			345,254
e) Income from profit-transfer agreements			0			473
f) Income from reduction of special reserve			23,764			9,119
				3,174,915		3,134,887
2. Investment expenses	(17, 18)					
a) Expenses for the management of investments, interest paid and other expenses for investments			114,454			117,009
b) Writedowns on investments			89,370			195,365
c) Realized losses on investments			44,605			34,248
d) Allocations to special reserve			0			76,794
				248,429		423,416
				2,926,486		2,711,471
3. Interest income on underwriting provisions				956,697		1,012,163
					1,969,789	1,699,308
4. Other income				71,485		151,262
5. Other expenses						
a) Special allocations to provision for outstanding claims			140,000			102,258
b) Miscellaneous			175,090			255,283
				315,090		357,541
					–243,605	–206,279

	Notes	T€	T€	T€	T€	Prev. year T€
6. Operating result before tax					719,550	730,333
7. Taxes on profit and income				275,415		399,370
8. Other taxes				2,955		2,889
					278,370	402,259
9. Profit for the year					**441,180**	**328,074**
10. Transfer to revenue reserves					220,000	160,000
11. Balance sheet profit					**221,180**	**168,074**

Notes to the financial statements

The financial statements have been prepared on the basis of German accounting regulations (German Commercial Code).

ACCOUNTING AND VALUATION METHODS

Basic principle
The assets and liabilities shown in the company financial statements are included and valued uniformly according to conservative principles.

Intangible assets
Intangible assets are valued at the acquisition cost less admissible straight-line depreciations.

Investments
Our real estate is valued at the acquisition or construction cost less depreciations admissible under German tax law. The useful economic life of the items concerned ranges from 25 to 50 years.

Shareholdings in affiliated enterprises and other participations are valued at the acquisition cost; all admissible writedowns are made.

Loans to affiliated enterprises and to companies in which participations are held, mortgage loans, registered bonds, and loans and promissory notes are generally included in the balance sheet at their nominal values; in the case of inclusion at the nominal values, the relevant premiums and discounts are shown as deferred items and placed to account pro rata temporis.

Shares, investment fund certificates, bearer bonds, fixed-interest and non-fixed-interest securities, and other investments are valued at acquisition cost or at the market price at the balance sheet date, whichever is the lower.

Lower valuations from previous years are maintained for our investments if the impairment in value is probably permanent. Where the market value at the balance sheet date was higher than the previous year's valuation, we have written back the value to the acquisition cost or the amortized cost.

Receivables
Deposits retained on assumed reinsurance business, amounts receivable on reinsurance business and other receivables are included at the nominal values; all necessary adjustments of value are made.

Other assets
Inventories are valued at acquisition cost. Office furniture and equipment is valued at acquisition cost less admissible depreciations. The purchase price of assets classifying as low-value goods is fully written off in the year of acquisition.

Deferred taxes
Deferred taxes result from temporary differences between financial statement valuations and valuations prescribed for determining taxable income. They have been included on the assets side of the balance sheet insofar as differences arise as a result of the German tax reform laws since 1996.

Underwriting provisions
The underwriting provisions are calculated in accordance with the requirements of German commercial law. In all cases we have taken into account the necessity of ensuring that our obligations from reinsurance business can always be met.

The provisions for unearned premiums have been calculated in accordance with the principles of German commercial law, partly on the basis of information received from our ceding companies and partly using nominal percentages. Where unearned premiums are calculated using percentages, these are based on many years of experience and the latest knowledge we have.

The provision for future policy benefits and the provision for outstanding claims have generally been set up in accordance with the amounts reported to us by our ceding companies; in all cases where these amounts do not appear adequate to us in the light of our experience and our assessment of the situation, we have increased them accordingly. Sufficient provisions, calculated using actuarial methods, have been posted for losses that have been incurred but not yet reported.

The item "Claims equalization provision and similar provisions" contains the amounts required in accordance with commercial law to mitigate fluctuations in claims experience in future years, plus the provisions for major risks and for earthquake risks. In the year under review we fundamentally revised our procedure for determining provisions for earthquake risks and extended it to other natural hazards such as windstorm and hail. The new system, whose approach is similar to that for determining the provisions for major risks, takes account of our considerably improved data basis and the latest knowledge of our experts. This new calculation does not have any significant effect on the assets, liabilities, financial position or results of the company.

The "Other underwriting provisions" mainly comprise provisions for anticipated losses, which are calculated on the basis of many years' experience and taking into account the latest information we have, and provisions for profit commission.

The underwriting provisions apportionable to the business retroceded by us have been calculated in accordance with the terms of the retrocession agreements.

Other accrued liabilities
The provisions for employees' pensions are calculated according to the entry age normal method on the basis of the actuarial interest rate of 6% provided for under German tax law. The other provisions are posted in accordance with the probable requirements.

Liabilities
The deposits retained on retroceded business, the accounts payable on reinsurance business, the amounts owed to banks and the other liabilities are stated at the amount repayable.

Foreign currency translation
All business transactions are generally booked in the respective original currencies. For the balance sheet, foreign currencies have been translated using the respective middle exchange rates at year-end. In the income statement, however, average exchange rates for the period 1st January to 31st December are used.

Realized exchange gains and realized and unrealized exchange losses are included under "Other income" and "Other expenses" respectively; unrealized exchange gains are eliminated through the formation of an appropriate provision.

The following table shows the exchange rates of the most important currencies for our business (exchange rate for €1 in each case):

	Balance sheet		Income statement	
	31.12.2000	**Prev. year**	**2000**	**Prev. year**
Australian dollar	1.68970	1.53180	1.58884	1.65255
Canadian dollar	1.41020	1.45470	1.37123	1.58445
Pound sterling	0.62850	0.62200	0.60936	0.65887
Rand	7.10710	6.17200	6.39340	6.51730
Swiss franc	1.52140	1.60450	1.55780	1.60042
US dollar	0.93890	1.00240	0.92400	1.06603
Yen	107.217	102.596	99.537	121.307

NOTES TO THE BALANCE SHEET – ASSETS

The intangible assets and investments developed as follows in the year under review:

	Carrying amount 31.12.1999 T€	Additions T€	Reallo-cations T€	Disposals T€	Appre-ciation T€	Depre-ciation T€	Carrying amount 31.12.2000 T€
(1) Intangible assets	29,461	12,565				6,607	35,419
(2) Investments							
Real estate	1,038,492	43,614	–10	60		43,889	1,038,147
Investments in affiliated enterprises and participations							
– Shares in affiliated enterprises	9,091,659	4,035,280	23,533	4,033,881	1,875	1,107	9,117,359
– Loans to affiliated enterprises	4,995	785,289		1,499			788,785
– Participations	255,530	43,799	–6,416	60,872	125	2,023	230,143
– Loans to participations	44,086	2,908		228			46,766
	9,396,270	4,867,276	17,117	4,096,480	2,000	3,130	10,183,053
Other investments							
– Shares, investment fund certificates and other non-fixed-interest securities	8,951,337	1,995,431	–17,118	1,535,128	18,660	38,085	9,375,097
– Bearer bonds and other fixed-interest securities	3,755,867	3,375,489		2,210,577	39,869	4,146	4,956,502
– Mortgage loans	11,761	1,772		1,977			11,556
– Other loans							
– Registered bonds	208,938			141,303			67,635
– Loans and promissory notes	613,799	73,933		426,539			261,193
– Deposits with banks	226,608	162,089					388,697
– Miscellaneous investments	5		14,967		8,854	120	23,706
	13,768,315	5,608,714	–2,151	4,315,524	67,383	42,351	15,084,386
Total investments (2)	24,203,077	10,519,604	14,956	8,412,064	69,383	89,370	26,305,586

The intangible assets consist of purchased insurance portfolios and software.

The carrying amount of self-occupied real estate totals T€188,497 (179,426).

The shares in affiliated enterprises and participations involve those shareholdings that make up more than 20% of the share capital of the respective company, as well as our shareholdings in limited liability companies.

Of our total investments (excluding deposits retained on assumed reinsurance business) with a carrying amount of T€26,305,586 (24,203,077), an amount of T€2,605,793 (2,343,907) is deposited with ceding companies or foreign governments or in the custody of trustees nominated by us.

Derivative financial products continue to be used only for hedging purposes in respect of parts of the portfolio, for optimizing earnings and for implementing planned purchases and sales. For this, strict rules apply as regards the limitation of risks in terms of volume and the choice of top-quality business partners. Adherence to these rules is continually monitored. In relation to the balance sheet total, the volume of open positions at the balance sheet date and all the transactions concluded in the period under review was negligible.

	31.12.2000		
	Fair value T€	Carrying amount T€	Valuation reserves T€
Real estate	2,441,934	1,038,147	1,403,787
Equity investments	59,347,257	18,722,599	40,624,658
Fixed-interest securities	5,148,680	4,956,502	192,178
Total	66,937,871	24,717,248	42,220,623

For the fair values of real estate, the capitalized earnings value is generally used; new buildings are valued at cost at the balance sheet date. Equity investments consist of shares, investment fund certificates and shareholdings in affiliated enterprises and other participations. Where the companies concerned are listed on the stock market, the share price at the balance sheet date is used; in the case of unlisted companies, the net asset value according to the method of the DVFA (German Association of Financial Analysts and Investment Consultants) is used or – for new acquisitions – the acquisition cost. The fair value of fixed-interest securities is determined on the basis of the stock market price at the balance sheet date.

The equity investments include the Munich Reinsurance Company's shareholdings in Allianz (25%) and Allianz Leben (40.6%); the fair values of these holdings at 31st December 2000 amounted to €24.6bn and €1.7bn respectively.

(3) List of shareholdings
The information to be disclosed in accordance with Article 285 item 11 of the German Commercial Code is filed with the commercial registry in Munich.

(4) Deferred items
This item includes differences totalling T€16 (122) arising from the posting of loans in the balance sheet at nominal values.

NOTES TO THE BALANCE SHEET – EQUITY AND LIABILITIES

(5) Shareholders' equity
The restructuring of Munich Re's share capital through the voluntary conversion of bearer shares – originally totalling 3 million – into restrictedly transferable registered shares has been concluded: by the middle of the year 99.95% of the bearer sharers had been converted into restrictedly transferable, listed registered shares. In accordance with the resolution of the Annual General Meeting on 22nd July 1999, the remaining 1,480 bearer shares were converted into the equivalent number of unrestrictedly transferable, non-listed registered shares. The bearer share certificates that had not been handed in were cancelled by leave of the local court in Munich.

The exercising of Munich Re 1998/2002 warrants in the course of the business year resulted in the issue of 24,296 new registered shares at an exercise price of €163.61 each. This increased the share capital to €452,976,824.32, and the company raised a total of €3,975,068.56 from the issue of the new shares.

The share capital as at 31st December 2000 is thus divided into 176,944,072 registered shares, each fully paid up and entitled to one vote.

The contingent capital is as follows:

All figures in €m	**31.12.2000**
To safeguard subscription rights from exercise of warrants 1998/2002	4.4
To safeguard subscription rights in rights issue from capital authorized for this purpose	15.4
To safeguard conversion rights or subscription rights from convertible bonds or bonds with warrants	15.4
Total	35.2

On 19th July 2000 the Annual General Meeting replaced the amount authorized for capital increases under "Authorized Capital Increase I" with a new amount of €120m.

The capital authorized for capital increases is thus as follows:

All figures in €m	**31.12.2000**
Authorized Capital Increase I (until 19th July 2005)	120.0
Authorized Capital Increase II (until 5th November 2003)	25.6
Authorized Capital Increase III (until 5th November 2003)	76.7
Total	222.3

The capital reserve increased by €4.2m to €2,712.4m.

€220m from the profit for 2000 has been allocated to the revenue reserves.

(6) Special reserve

The special reserve has been posted as per Articles 6 b and 52 para. 16 of the German Income Tax Act.

(7) Underwriting provisions

Broken down by class of business, the net underwriting funds and provisions are as follows (in €m):

	Unearned premiums	**Provision for future policy benefits**	**Claims provision**	**Equalization provisions**	**Other provisions**	**Total**	**Reserves as % of net premiums**
Life	526	13,264	397	–	67	14,254	445
Health	25	506	108	–	10	649	149
Personal accident	60	690	556	–	14	1,320	298
Liability	146	–	5,881	674	14	6,715	853
Motor	294	–	3,437	237	48	4,016	205
Marine	90	–	619	–	9	718	150
Aviation	53	–	284	34	0	371	135
Fire	340	–	1,870	1,003	156	3,369	192
Engineering	260	–	1,015	254	12	1,541	238
Other classes	285	–	767	535	19	1,606	121
Non-life combined	1,553	1,196	14,537	2,737	282	20,305	251
Total	2,079	14,460	14,934	2,737	349	34,559	306

The claims equalization provision and similar provisions break down as follows:

	31.12.2000 T€	Prev. year T€
Claims equalization provision	1,558,488	1,796,672
Provision for major risks	94,606	91,492
– For nuclear facilities	49,222	45,813
– For pharmaceutical products liability	45,384	45,679
Provision for natural hazard risks	1,083,597	915,243
Total	2,736,691	2,803,407

The “other” underwriting provisions include provisions for anticipated losses totalling T€153,948 (172,446).

(8) Other accrued liabilities
We have agreed to pay pensions to nearly all our staff and their surviving dependants. These commitments are to be met partly by the company itself and partly by the “Versorgungskasse der Angestellten der Münchener Rückversicherungs-Gesellschaft”, the Munich Re staff pension fund.

There are pension provisions of T€25,956 (20,678) for former members of the Board of Management or their surviving dependants.

The miscellaneous other provisions include, in particular, provisions of T€44,242 for currency risks and T€76,291 for personnel expenses not yet due at the balance sheet date.

(9) Notes and debentures
In June 2000 the Munich Reinsurance Company issued exchangeable bonds on Allianz shares. Creditors are entitled to convert each of their exchangeable bonds into Allianz shares with an equivalent value of €509.44 per share. If all the conversion rights are exercised, the Munich Reinsurance Company’s shareholding in Allianz will reduce by almost 1%. The annual coupon payment is 1% on the face value. If the bonds are not exchanged or redeemed beforehand, they will be redeemed on 9th June 2005 at 108.5629% of the face value; the creditors’ annual gross yield will then amount to 2.625%.

(10) Amounts owed to banks
Liabilities with a remaining term of more than five years total T€141,824.

(11) Other liabilities
The sum of the liabilities secured by mortgages is T€405 (413).

(12) Deferred items
This item includes differences totalling T€197 (353) arising from the posting of loans in the balance sheet at nominal values.

NOTES TO THE INCOME STATEMENT

(13) Reinsurance underwriting result by class of business in €m

	Gross premiums written		Underwriting result		Change in claims equalization provisions		Combined ratio in %	
	2000	Prev. year	2000	Prev. year	2000	Prev. year	2000	Prev. year
Life	3,700	3,147	143	117	–	–	–	–
Health	462	425	–12	5	–	–	102.8	98.7
Personal accident	485	447	–41	–25	–	–	109.3	106.4
Liability	857	849	–247	–165	–36	–44	131.0	121.7
Motor	2,165	1,614	–244	–177	51	–5	113.5	112.2
Marine	520	377	–133	–54	47	13	129.3	117.0
Aviation	381	312	–53	22	18	–31	119.6	88.9
Fire	2,035	1,733	–390	–807	61	552	122.5	153.6
Engineering	777	651	–117	–61	15	–30	118.5	110.6
Other classes	1,436	1,400	5	–160	–74	87	99.6	112.6
Non-life combined	9,118	7,808	–1,232	–1,422	82	542	115.7	120.6
Total	12,818	10,955	–1,089	–1,305	82	542	–	–

In the year under review our clients reported substantial subsequent claims for natural catastrophes – especially the gales in December 1999 – and several major losses from the previous years. In fire business, we therefore had to record significant additional expenses for obligations from previous years.

(14) Interest on underwriting provisions
We have calculated the interest on underwriting provisions in accordance with Article 38 of the German Accounting Regulations for Insurance Companies and – where prescribed there – have transferred it from the non-technical to the technical account.

(15) Personnel expenses
The management expenses include the following personnel expenses:

	2000 T€	Prev. year T€
Wages and salaries	177,981	164,955
Social insurance contributions and voluntary assistance	35,060	34,767
Expenses for employees' pensions	20,143	9,241
Total	233,184	208,963

They also include expenses for a long-term incentive plan, which links compensation for the Board of Management and top executives of the Munich Re Group to the performance of Munich Re's share price.

(16) Investment income
The write-ups result from the reversal of no longer appropriate write-downs.

(17) Investment expenses
Of the writedowns on investments, T€56,002 (8,446) comprised exceptional depreciations as per Article 253 para. 2 sentence 3 of the German Commercial Code.

Special writedowns of T€7,558 (10,681) were made for tax purposes as per Article 6 b of the German Income Tax Act.

(18) Tax influences on accounting
Writedowns for tax purposes and the posting of the special reserve as per Articles 6 b and 52 para. 16 of the German Income Tax Act affected the Munich Reinsurance Company's result for the year by T€7,558 and T€23,764 respectively.

(19) Compensation linked to shares
As at 1st July 1999 and 1st July 2000 Munich Re launched long-term incentive plans. These plans, each with a term of seven years, provide for the members of the Board of Management and senior management in Munich and for the top executives in Munich Re's international organization to be granted a defined number of stock appreciation rights.

Each stock appreciation right entitles the holder to draw in cash the difference between the Munich Re share price at the time when the right is exercised and that applying at the start of the plan.

The stock appreciation rights may only be exercised after a two-year vesting period and then only if the share price is at least 20% higher than at start of the plan. In addition, Munich Re shares must have outperformed the DAX 30 (Plan 1999) or the Euro STOXX 50 (Plan 2000) twice at the end of a three-month period during the term of the plan. The gross amount that may be obtained from the exercising of the stock appreciation rights is limited to an increase of 150% of the initial share price.

In the year under review a total of 63,496 (104,340) stock appreciation rights were granted, 27,029 (46,371) of these to members of the Board of Management. The expenses incurred for the stock appreciation rights have been determined on the basis of the change in the Munich Re share price. In the year 2000 an amount of €17.1m (7.5m) was set aside for the stock appreciation rights.

	Incentive Plan 1999	**Incentive Plan 2000**
Plan commencement	1.7.1999	1.7.2000
Original share price	€182.60	€319.34
Number of rights on 1st January 2000	104,340	–
Additions	–	63,496
Number of rights on 31st December 2000	104,340	63,496
Exercisable at year-end	–	–

OTHER INFORMATION

(20) Boards of the company, compensation and loans for Board members
The members of the Supervisory Board and the Board of Management are listed on pages 5 and 7 of this report.

Taking into account the proposal for the appropriation of the profit, the total emoluments of the members of the Board of Management amounted to T€9,192 (7,660). 51% of this was made up of variable compensation components. Payments to retired members of the Board of Management or their surviving dependants amount to T€2,898 (2,487).

Also taking into account the proposal for the appropriation of the profit, the total emoluments of the members of the Supervisory Board amounted to T€1,153 (864). This sum includes emoluments of T€604 (384) dependent on the dividend paid to the shareholders.

The Board members did not receive any advances or loans in the year under review; no contingent liabilities were entered into for their benefit.

(21) Other seats held by Board members[1]

Supervisory Board	Seats held on supervisory boards of other Germany companies	Membership of comparable bodies of German and foreign business enterprises
Ulrich Hartmann	Deutsche Lufthansa AG Hochtief AG IKB Deutsche Industriebank AG (Chairman) RAG AG (Chairman) E.ON Energie AG* (Chairman) VEBA OEL AG* (Chairman)	Henkel KGaA
Dr. jur. Henning Schulte-Noelle	BASF AG Dresdner Bank AG E.ON AG Linde AG Siemens AG Thyssen Krupp AG Allianz Lebensversicherungs-AG* (Chairman) Allianz Versicherungs-AG* (Chairman)	Vodafone Group Plc, Newbury Assurances Générales de France S. A., Paris* ELVIA Versicherungen, Zurich* Fireman's Fund Insurance Company, Novato* Riunione Adriatica di Sicurtà S. p. A., Milan*
Dr. jur. Rolf-E. Breuer	Bertelsmann AG Deutsche Börse AG (Chairman) Deutsche Lufthansa AG E.ON AG Siemens AG	Compagnie de Saint-Gobain S. A., Paris Landwirtschaftliche Rentenbank
Prof. Dr. rer. nat. Henning Kagermann	DaimlerChrysler Services (debis) AG IDS Scheer AG Deutsche Bank AG	–
Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand Piëch	Dr.-Ing. h. c. F. Porsche AG Audi AG*	Porsche Holding GesmbH, Salzburg Porsche GesmbH, Salzburg R-R & Bentley Motor Cars Ltd., Crewe Scania AB, Södertälje SEAT, S. A., Barcelona* ŠKODA Auto a. s., Mladá Boleslav*
Dr. jur. Dr.-Ing. E. h. Heinrich v. Pierer	Bayer AG Hochtief AG Volkswagen AG	Siemens AG Austria, Vienna*

[1] Status: 11th May 2001.
* Own group company within the meaning of Article 18 of the German Stock Companies Act.

Supervisory Board	Seats held on supervisory boards of other Germany companies	Membership of comparable bodies of German and foreign business enterprises
Dr. jur. Albrecht Schmidt	Allianz AG Siemens AG Bayerische Handelsbank AG* (Chairman) Nürnberger Hypothekenbank AG* (Chairman) Süddeutsche Bodencreditbank AG* (Chairman) Vereins- und Westbank AG* (Chairman)	Bank Austria, Vienna* (Chairman)
Dr. phil. Ron Sommer	T-Mobile International AG* (Chairman) T-Online International AG* (Chairman)	–
Dr. rer. pol. Alfons Titzrath	Allianz AG Celanese AG Deutsche Lufthansa AG Dresdner Bank AG (Chairman) RWE AG VAW aluminium AG	–

* Own group company within the meaning of Article 18 of the German Stock Companies Act.

Board of Management	Seats held on supervisory boards of other Germany companies	Membership of comparable bodies of German and foreign business enterprises
Dr. jur. Hans-Jürgen Schinzler Chairman	Allianz Lebensversicherungs-AG Dresdner Bank AG ERGO Versicherungsgruppe AG (Chairman) MAN AG MR Beteiligungen AG* (Chairman) MRE Beteiligungen AG* (Chairman)	Aventis S. A., Schiltigheim Dresdner Kleinwort Wasserstein Inc., New York American Re Corporation, Wilmington, Delaware*
Dr. jur. Wolf Otto Bauer	Karlsruher Versicherung AG (Chairman)	–
Dr. jur. Nikolaus von Bomhard	Münchener und Magdeburger Hagelversicherung AG	–
Clement Booth	TELA Versicherung AG	inreon Ltd., London Saudi National Insurance Company E.C., Jedda WISe S.C., Brussels Munich Reinsurance Company of Africa Ltd., Johannesburg* New Reinsurance Company, Geneva*
Dr. jur. Heiner Hasford	D. A. S. Deutscher Automobil Schutz Allgemeine Rechtsschutz-Versicherungs-AG ERGO Versicherungsgruppe AG Europäische Reiseversicherung AG (Chairman) BHS tabletop AG MAN Nutzfahrzeuge AG Mercur Assistance AG Holding VICTORIA Lebensversicherung AG VICTORIA Versicherung AG WMF Württembergische Metallwarenfabrik AG MR Beteiligungen AG* MRE Beteiligungen AG*	Karlsruher Rendite Beratungsgesellschaft für Vermögensanlagen mbH Munich London Investment Management Ltd., London American Re Corporation, Wilmington, Delaware*

* Own group company within the meaning of Article 18 of the German Stock Companies Act.

Board of Management	Seats held on supervisory boards of other Germany companies	Membership of comparable bodies of German and foreign business enterprises
Stefan Heyd	Allianz Versicherungs-AG Bayerische Versicherungsbank AG Frankfurter Versicherungs-AG Kraft Versicherungs-AG	–
Christian Kluge	Karlsruher Lebensversicherung AG Mercur Assistance AG Holding (Chairman)	Münchener Rück Italia S.p.A., Milan*
Dr. phil. Detlef Schneidawind	DKV Deutsche Krankenversicherung AG Generali Lloyd AG Hamburg-Mannheimer Sachversicherungs-AG Hamburg-Mannheimer Versicherungs-AG Karlsruher Lebensversicherung AG (Chairman) Mecklenburgische Kranken Versicherungs-AG Mecklenburgische Leben Versicherungs-AG	–
Dr. jur. Jörg Schneider (from 1st April 2000)	Forst Ebnath AG (Chairman) MEAG KAG MR Beteiligungen AG* MRE Beteiligungen AG*	–
Dr. jur. Hans-Wilmar von Stockhausen	Allgemeine Kreditversicherung AG	Münchener Rück Italia S. p. A., Milan* New Reinsurance Company, Geneva*
Karl Wittmann	–	American Re Corporation, Wilmington, Delaware* Munich American Reassurance Company, Atlanta* Munich Reinsurance Company of Australasia Ltd., Sydney* Munich Reinsurance Company of Canada, Toronto*

* Own group company within the meaning of Article 18 of the German Stock Companies Act.

(22) Number of staff
The number of staff employed by the company in Munich and at its offices abroad in the business year 2000 averaged 2,410 (2,268).

(23) Contingent liabilities, other financial commitments
As a member of the German Reinsurance Pharmapool, we are committed – to the extent of our proportional share – to assuming the payment obligations of another pool member if the latter is not able to meet these obligations. Similar commitments exist in connection with our membership of the German Nuclear Insurance Pool and the German Aviation Pool.

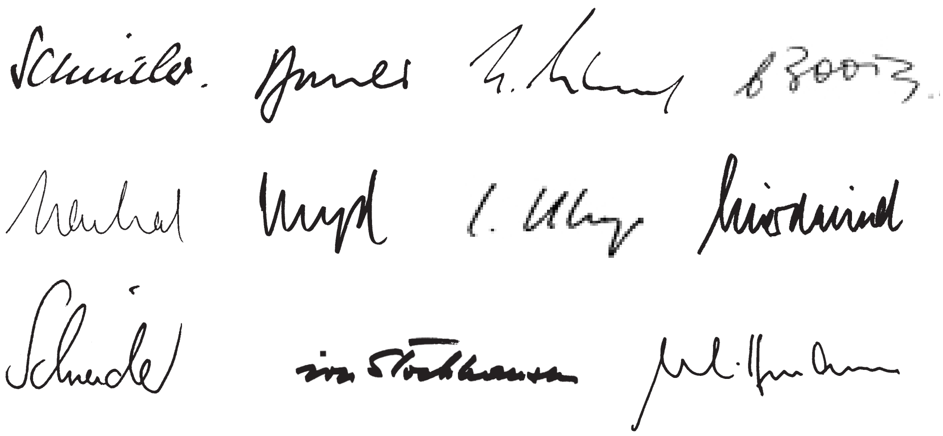
There are further contingent liabilities towards affiliated enterprises of subordinate importance.

Besides this, the company has given a customary market guarantee, required by supervisory law, for the liabilities of one foreign subsidiary.

We have entered into no other financial commitments of significance for the assessment of the company's financial position.

Munich, 11th May 2001

The Board of Management



Auditor’s report

The auditor’s opinion is worded as follows:

We have audited the annual financial statements, together with the bookkeeping system, and the management report of the Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München for the business year from 1st January 2000 to 31st December 2000. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions in the Articles of Association are the responsibility of the Company’s Board of Management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Article 317 of the German Commercial Code and the generally accepted standards for the audit of financial statements promulgated by the Institute of German Certified Accountants (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Board of Management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with principles of proper accounting. Altogether, the management report provides a suitable understanding of the Company’s position and suitably presents the risks of future development.

Munich, 17th May 2001

KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Lutz Wiegand	Christine Peschel
Wirtschaftsprüfer	Wirtschaftsprüfer
(Certified public accountant)	(Certified public accountant)

Proposal for appropriation of profit

The balance sheet profit at the disposal of the Annual General Meeting amounts to €221,180,090.00.

We propose that the balance sheet profit be distributed as a dividend of €1.25 on each share entitled to dividend and that the amount apportionable to own shares be carried forward to new account.

Munich, 11th May 2001

The Board of Management

Schinzler, Bauer, von Bomhard, Booth, Hasford, Heyd, Kluge, Schneidawind, Schneider, von Stockhausen, Wittmann

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J. H. Darchinger, Bonn p. 6

Munich Reinsurance Company

	1998* in €m	1999 in €m	2000 in €m
Gross premiums written	9,952	10,955	12,818
Investments	36,062	40,211	43,384
Net underwriting provisions	29,227	32,355	34,559
Shareholders' equity	3,324	3,951	4,228
Profit for the year	158	328	441
Dividend	81	168	221
Dividend per share in €	0.92	0.95	1.25
Share price at 31st December in €	206.31	251.80	380.00
Market capitalization at 31st December	36,103	44,548	67,239

* Balance sheet date changed to 31st December.