

009

HALF-YEAR REPORT
I/2009

ERGO

For our shareholders

- Impact of the crisis on capital markets and goodwill impairment losses put a strain on half-year results (€ -35m)
- Back to the profit zone in the second quarter – increase in profits expected for the year as a whole
- Total premiums up by 7.8 % – when adjusted for acquisitions and exchange-rate effects, increase amounts to 2.9 %
- Combined ratio remains very positive at 90.6 % (88.4 %) in German non-life insurance
- Cost-savings are on the right track – agreement reached with employees' representatives

Dear Shareholders!

This interim report will provide you with information on business activities of the ERGO Insurance Group during the first six months of 2009. This is the first time that we are reporting according to the amended presentation of segments due to the new IFRS 8 standard for accounting principles which we have been complying with since the start of 2009. In line with IFRS 8, our business segments for segment reporting are now geared to our internal reporting and management structure. Accordingly, we report on the segments of Life (Germany), Health, Non-Life (Germany), Direct Insurance and International Operations. The travel insurer Europäische Reiseversicherung (ERV) and Mercur Assistance (the latter has been trading under the name of almeda since 1 April), taken over with effect from 1 January 2009, are included in the health segment. The international arm of both companies features in the international operations segment.

In the first six months of the current financial year the results were still suffering from the impact of the crisis on the capital markets. The consolidated result after tax stands at € -35m (269m), operating income accounts for € 272m (531m). At € 471m (551m), the technical result was virtually on par with the outstanding figure recorded last year. The main reason for the trends in the results was primarily the noticeable impact of the financial market crisis in since the second half of 2008. Due to our customary rigid interpretation of accounting rules, our investment result has been put under pressure once again from write-downs. As regards financial derivatives used in the life insurance segment to hedge against a long-term period of low interest rates, we were forced to carry out write-downs at the beginning of the current year because interest rates rose and there was a reduction in volatility. This is basically good news which will improve our economic results in the long term. However, in the short term it has a negative impact on results.

Furthermore, the worsening economic impact on the real economy as a result of the financial market crisis has meant that we have been forced to critically review the business plans of our international companies and have, in part, had to correct them downwards. Consequently we have once again carried out goodwill impairment losses, especially concerning the Austrian BA-CA Insurance. Overall, impairment losses calculated and carried out during the first quarter amounted to €85m.

Meanwhile, the second quarter of 2009 has progressed positively. With a consolidated result of €62m, we moved back into the profit zone after recording a deficit of €97m during the first quarter of the year. In view of the decreasing pressure from the capital markets and our well-performing technical situation we intend to continue this positive pattern for the remainder of the year.

Total premiums across all segments were up by 7.8 %, and we achieved €9.7bn (9.0bn) in total premiums. Gross premiums written grew 5.4 % to €8.9bn (8.4bn). This trend occurred in the first place as a result of acquisitions in international business. We recorded a double-digit percentage increase in both total premium income as well as for gross premiums written. However, the negative developments encountered with exchange rates put a strain on the results. At 90.6 % (88.4 %), the combined ratio for domestic non-life insurance was once again very good.

We are on the right track concerning the diverse and ambitious activities to improve our competitive edge and costs. During the course of our intensive negotiations with employee representatives, we were able to reach agreement on significant topics; the measures will be implemented step by step starting this year. This will lead to a cutback of 1,800 jobs in Germany by the end of 2010, but there will be no forced redundancies before the end of 2012. In sum, a cost-saving potential of around €180m will be possible as from 2010.

Underlying economic situation

The global recession continues. However, the economic climate indicators have been improving in recent months. In the economies of industrial nations, an increasing number of factors now point to a deceleration in the downward trend. According to official statements, China's economy is also getting back on the track of solid economic growth. The central banks have continued on their path of expansion and have tried, by means of extremely low interest rates and with unconventional methods such as purchasing private securities, to supply the financial markets with liquidity in order to boost lending and hence investment and consumption.

After the recession had worsened in the eurozone in the first quarter and industrial production further decreased in April, the economic climate indicators for production industries clearly surpassed the level of the first quarter which, however, had been exceptionally low. In Germany, industrial production was again significantly higher in May than it had been in April, although it was still almost 18 % below last year's level. There was only a slight increase in prices in the eurozone. The harmonised consumer price index was 0.1 % below the level of the previous year in June. Due to high energy costs and food prices, the inflation rate for the previous year had amounted to 4.0%. During the reporting period the European Central Bank lowered its base rate from 2.5 % to 1.0 %. Since mutual lending among banks was still low, the European Central Bank decided in May to extend the terms for refinancing operations to one year. During its first refinancing operation with a one-year term taking place in June, an unprecedented total amount of € 442bn was lent to financial markets.

Despite the recessionary environment, oil prices rose to USD 68 per barrel at the end of June and were thus almost twice as high as they had been at the beginning of the year. The Euro traded at USD 1.40 at 30 June which was virtually unchanged compared to the beginning of the year. After significant losses on the share markets in Europe, the US and Japan in the first quarter of 2009 – the EURO STOXX 50 fell by around 15 % – an upward trend started in March. The EURO STOXX 50 climbed as high as 2,402 points at the end of June. The increase in long-term interest rates reflected the rising inflation expectations of market participants. By 30 June, interest rates for 10-year German government bonds had reached 3.4 %.

Since economic activities in many countries – especially in industrialised nations – decreased clearly and quickly at the beginning of the year, we expect the global economy to shrink for the year 2009 as a whole. Economic trends in the second half of 2009 and especially in the year 2010 continue to be extremely difficult to predict, however. From today's point of view a recovery of the global economy – accompanied by a return to rising inflation – is possible in the second half of 2009, since the economies of the industrialised nations may now be past the worst of the recession, and a serious economic slump was averted in China. However, a vital prerequisite for such an upswing is that the financial system is stabilised in the long term and that the economic stimulus packages have an appreciable impact on the economic development. The risk of longer term stagnation or recession is still present in many economies, however; such a development would bring with it the danger of deflation.

Development of the ERGO Insurance Group

From January to June 2009 total premium income across all segments was up 7.8 % to € 9.7bn (9.0bn). In the same period gross premiums written, i.e. excluding savings amounts of unit-linked life insurance policies and capitalisation products rose by 5.4 % to € 8.9bn (8.4bn). The main driving factors here were changes to the consolidated group. Figures for ERGO Daum Direct in South Korea were only included for the first time in the second quarter of 2008 and the Austrian BA-CA Insurance as well as business from the ERV were not included in the figures for the first six months of 2008. If all these companies had been part of ERGO for the entire first six months of 2008, our growth would have stood at 1.4 %. Without the negative impact of currency exchange rates in major international markets, such as Poland, Turkey and South Korea totalling roughly € 140m, this figure would have been 2.9 %.

Net expenses for claims and benefits rose by 14.6 % to € 7.8bn (6.8bn) for the first six months of 2009. By comparison with the previous year pure claims expenditure was up by 10.1 %; the aforementioned recent acquisitions played a major role in this development. At 59.3 % (55.6 %), the claims ratio for domestic non-life insurance was good. It should be noted that the recent winter was hard by comparison with last year's mild winter months, which had a positive impact on the figures, notably as a result of a more advantageous claims pattern; in 2008, a revaluation of ceded reinsurance had had another positive impact.

There has been a further improvement in cost ratios. Net operating expenses (i.e. after reinsurance has taken place) increased only slightly, up 6.8 %, in spite of the changes made to the consolidated group. If changes to deferred acquisition costs (DAC) to life insurance policies are not taken into account, the positive impact would have been even more noticeable. Last year the fourth stage in the state-subsidised Riester pension scheme had led to higher capitalisation on the assets side of the balance sheet. Administrative expenditure, in gross terms, was only up by 1.7 % totalling € 542m (533m) compared with the same period last year – when adjusted for the acquisitions, this represents a significant fall.

The investment result for the first six months of the year stood at € 1.8bn (1.5bn) (+20.4 %). However, this strong rise is solely due to the net amount from unrealised gains and losses stemming from unit-linked life insurance policies; rising prices for funds have a positive impact on the investment result. As these shares in the funds are held for the benefit of and at the risk of the customers, this share of the investment result is passed on to these customers in full – which is also reflected in the rise in insurance benefits. The net amount from gains and losses stemming from disposals, write-ups and write-downs on own account was slightly down on the preceding year and came to € -571m (-559m). At € 2.45bn (2.49bn) for operating income, we were more or less on par with last year's figure.

We had every reason to be satisfied with our technical situation in the first half of 2009. At € 471m (551m), we almost reached last year's outstanding figure. The results from operational activities as at 30 June 2009 was € 272m (531m). The consolidated result after tax and costs of financing contains goodwill impairment losses of € 85m (-) and came to € -35m (269m). This shows that profits in the first six months of 2009 were very strongly affected by the impact of the capital market crisis.

Investments amounted to € 110bn (108bn) on 30 June 2009 which corresponds to a 2.0 % rise compared to the end of last year. Without taking into account investments for the benefit of life insurance policyholders who bear the investment risk, investments amount to € 107bn (105bn). As we have largely hedged our portfolio of shares by means of financial derivatives, our economic equity exposure as at 30 June 2009 only accounted for 1.4 % (1.0 %) of our investments at market value. The net amount from unrealised gains and losses from other securities available for sale stood at € 1.13bn (1.07bn) for the first half of 2009, meaning that it was up 5.7 % compared to the end of last year. Equity including minority interests was € 3.55bn as at 30 June 2009 after having stood at € 3.73bn on 31 December 2008. We anticipate that the figure will rise to last year's level by the end of 2009.

A report on the development of our individual segments is given below:

Life (Germany)

Our life insurance companies in Germany recorded a total of premiums worth €2.5bn (2.6bn) for the first half of 2009 which represents a drop of 3.4 %. Gross premiums written were down 2.7 % to € 2.17bn (2.23bn) during the same period. This does not include the savings amounts from unit linked life insurance policies or capitalisation products such as the Riester pension scheme.

As expected, new business in this segment from the point of view of the balance sheet had declined compared to the same period last year; the annual premium equivalent (APE) stood at € 183m, corresponding to a 33.9 % drop. As regards single premium business, especially concerning classic products with guarantees, we were able to record a 7.9 % increase to € 441m (409m), but it was mainly a basic effect concerning regular premiums which was the reason for the strong decline; the fourth and final stage in Riester pension scheme subsidies at the beginning of 2008 had resulted in a significant increase in new business. If the balance sheet had been adjusted to take this effect into account, new business on APE basis would have stood at 9.3 % during the first six months of 2008. Whereas ERGO measures new business in accordance with APE, the annual nominal premium rate ("Jahressollbeitrag", JSB) is used by the Association of German Insurers (GDV). If we were to follow the same principle, we would record a 10.0 % drop in new business without adjusting for the Riester effect. If viewed in terms of sales, the first half of the current year was better than last year; we were able to sign more contracts through our bank and broker sales. From a sales perspective, new business was up by 24.6 %.

Benefits for our customers came to €2.5bn (2.4bn), which represents a 7.4 % rise in comparison with last year. The main reason for the rise are additions to the provisions for future policy benefits, which on balance were € 190m more than last year's figure. As a result of the positive trend experienced with unrealised gains and losses in unit-linked life insurance policies described above during the first six months of 2009, the provision for future policy benefits has increased.

Overall, net operating expenses fell by 4.1 %. Acquisition costs (gross) were down 18.3 % on last year's figure caused by the fact that there was no "Riester step" in 2009. The reduced relief caused by deferred acquisition costs already mentioned had the opposite effect. Administrative expenses (in gross terms) were reduced by 7.0 % for the same period.

Investment income for the segment has risen and stands at € 882m compared with € 787m for the same period last year. This includes the strong net amount resulting from unrealised gains and losses in unit-linked life insurance policies which we record under investment income. For own account, the effects of the capital market crisis were clearly evident as a result of a higher negative net sum from write-ups and write-downs as well as gains and losses stemming from disposals amounting to € -415m (-281m). Regular income fell slightly, down to € 1.34bn (1.39bn).

There was a pleasing increase in the technical result, rising to €162m (102m). Extraordinary pressure on investments meant that operating income was only € 32m for the first six months of 2009 after standing at € 136m as at 30 June 2008; the consolidated result stood at €12m (55m).

Health

Premium income in the health segment was up 8.8 % to € 2.9bn (2.6bn) for the period January to June 2009. As from 1 January 2009, the domestic business of the travel insurance companies ERV and almeda (previously known as Mercur Assistance) is included in this segment. If the figure were adjusted to take account of the acquisition, the premiums would have risen by 4.0 % to € 2.8bn (2.6bn). Growth in international business was 15.0 % to € 480m (417m), especially in Spain following the commencement of trading of the hospital operator Marina Salud. With an increase of 1.9 % to € 2.3bn (2.2bn), net growth was somewhat more reserved in Germany. Business from supplementary insurance cover rose by 3.2 %, premium income in comprehensive health insurance was up by 1.1 %. The health reform in Germany continued to make itself felt. Fortunately, we were able to increase new business in comprehensive insurance which grew by 17.0 % during the first half of 2009 and can be mainly attributed to the success stemming from the introduction of our new tariffs. As regards our new business segment of travel insurance, we recorded premiums worth € 129m (as if figure for 2008: € 140m), whereby we observed a negative trend from the reluctance of Germans to travel as a result of adverse economic trends.

Benefits for customers were 14.1 % higher than last year and stood at € 2.8bn (2.5bn). Apart from changes made to the consolidated group, it was expenditure for premium refunds which made itself felt; this item was € 149m more than for the same period last year due to improved investment income.

As a result of their business models, the ERV and Almeda show different and higher expense rates than health insurance stemming from comprehensive cover and supplementary insurance. Hence, the integration of the two companies into the ERGO Group had an impact on our costs with acquisition expenses up by 14.5 % and administrative costs up by 9.8 %. Overall, net operating expenses increased by 21.4 %.

Operating income from investments was down 5.3 % to € 646m (682m). Here reduced dividend income from shares was clearly evident as we had significantly reduced the ratio of shares early on. Even with a strongly reduced net amount from write-ups and write-downs as well as gains and losses stemming from disposals amounting to €-49m (-278m), the investment result for the health segment increased to € 556m (359m).

As a result of higher expenditure on premium refunds, the technical result dropped to € 176m (229m). As regards the operating result, which climbed to € 97m (75m), the improved extraordinary investment result made itself felt. After tax, which rose by € 25m, the consolidated result for this segment came to € 12m (30m).

Non-life (Germany)

Premium income for the domestic non-life segment for the first six months of 2009 was on par with last year and stood at € 1.75bn (1.75bn). The demand for insurance cover was dampened as a result of the overall poor economic environment. As regards private lines business, motor insurance continued to be faced with fierce competition. Consequently, premium income lagged behind the results recorded last year, down -1.4 %. The decline in motor insurance business was 2.7 %, our business with accident policies remained at a good and stable level. In terms of domestic legal insurance, premiums were down 2.4 %, whereas a 2.9 % increase was recorded for commercial and industrial insurance while maintaining our earnings-oriented underwriting policy.

Overall, benefits for customers rose by 6.6 % to € 849m (796m) and insurance claims increased by 6.3 % to € 824m (775m). At 59.3 %, the claims ratio was fine, even though it was higher than last year's figure (55.6 %). In 2008, the revaluation of reinsurance fees had resulted in a significant relief in the first quarter. Furthermore, the mild winter experienced in 2008 had a positive impact on the figures due to a more favourable claims pattern, whereas the winter of 2009 was exceptionally long with corresponding frost damage.

The trend in costs is pleasing. Net operating expenses fell by 4.5 % to € 436m (456m) and administrative costs were reduced by even 6.7 %. There was a 1.9 % rise in acquisition costs. Overall, the cost ratio for this segment is 31.3 % (32.7 %). The positive trend in costs has thus cushioned the rise in the claims ratio. The combined ratio for non-life insurance in the first half of 2009 therefore stands at a very pleasing 90.6 % (88.4 %).

The investment result was down to € 75m (120m) due to lower amounts stemming from the disposal of investments as well as the takeover of losses attributable to an associated company on the investment side.

At € 164m (209m), the technical result was once again fine. However, operating income for the first six months of 2009 was down to € 164m (250m) as a result of lower investment income. The consolidated result stood at € 102m (185m).

Direct insurance

Considerable growth in total premium income was recorded for this segment – essentially KarstadtQuelle Versicherungen – from January to June 2009 compared to last year's figure. Business was up by 21.7 % to € 642m (528m), of which € 465m came from life insurance, up 25.9 %, € 111m stemmed from health insurance business (+14.3 %) and € 65m accounted for property and casualty insurance (+8.6 %). New business, in particular with the capitalisation product known as 'MaxiZins' was very good even though the interest rate was lowered on 1 April 2009 and played a major part in the growth of life insurance business. The annual premium equivalent (APE) amounted to € 44m, up 18.6 % on the same period last year.

There was an 8.1 % overall increase in benefits for customers, notably € 389m (360m). Claims expenditure was up 12.8 % to € 305m (270m), whereas operating expenses fell by 7.0 % to € 90m (96m) – especially due to reduced expenditure on acquisition costs (-11.6 %) – as last year's intensified advertising measures were not carried out to the same extent during the reporting period.

The investment result rose by 3.0 % to € 85m (82m), contributed especially by lower write-downs on investments. Regular income was 2.7 % down on last year's figure.

The technical result for the first six months of 2009 climbed to €11m (1m). Operating income amounted to €16m (21m) and the consolidated result was €10m (18m).

International operations

There was a strong rise in premium income in the international operations segment, up 30.1 % to €2.0bn (1.6bn). It was the life insurers which contributed the lion's share of total premiums, namely 68.6 % which represents €915m, essentially as a result of the acquisition of the Austrian BA-CA Insurance. In property and casualty insurance, too, the rise in premiums was pleasing (+11.0 %). Nevertheless, the growth in premium income by the South Korean ERGO Daum Direct and the international business stemming from the acquired travel insurer ERV was offset by heavy falls in the exchange rates, particularly in Poland, South Korea and Turkey. As regards legal expenses insurance, we were able to achieve organic growth of 7.5 %.

The other figures in the segment, too, are heavily influenced by the first-time consolidation of the Austrian BA-CA Insurance, the ERV and ERGO Daum Direct in South Korea, which has also resulted in a change to the business mix for the segment. There was an overall rise in benefits for customers, up €0.4bn to €1.2bn, whereby this was essentially due to pure claims expenditure (+48.4 %). Here, too, the negative developments to the exchange rates were felt, since the costs of claims for instance in motor insurance partially depend on the euro exchange rate in the Eastern European markets or in Turkey, as spare parts have to be purchased from countries in the eurozone. Net operating expenses were up 26.1 %, but this percentage was lower than the amount for premiums; this is particularly the case for administrative expenditure (+16.9 % in gross terms). Investment income rose by 27.3 % to €262m (206m); this is driven by regular income which recorded an increase of 30.8 %.

As a result of the insurance benefits mentioned above the technical result fell to €-16m (+17m). The result from operations for the first half of 2009 stood at a small positive amount of €1m (109m). The unsatisfactory consolidated result of €-93m (78m) was mainly due to the goodwill impairment losses already mentioned, amounting to €85m.

On 18 March 2009 both we and the Indian HERO Group mutually agreed and announced not to pursue the agreed joint venture for life insurance in India. The HERO Group has postponed its activities in this field indefinitely. In spite of the global economic crisis we are still convinced of the long-term potential of the Indian insurance market and will continue to push forward the entry into the life insurance market following the successful start of our joint venture with HDFC in the non-life segment.

Prospects

Whereas short-term crisis-related pressures exist, there are also medium-term opportunities, especially in the segments of life and health insurance. The need for provision within the population is on the rise and will increasingly have to be financed privately. In addition, as traditional old-age provision methods offering sound guarantees, life and annuity insurance policies should once again account for a higher proportion of the expenditure on provision by our customers.

Despite the ongoing difficult general economic environment, we expect further stabilisation of business development in the second half of the year. As regards domestic life insurance business, we expect, in line with the general market development, a slight decrease in premium income. In the health segment we are aiming for an increase of approximately 10 % in the German market. The first-time consolidation of the German business of travel insurer ERV and almeda (formerly Mercur Assistance) in particular will make a contribution here. In terms of the segment's international business, we expect a double-digit rise in premiums. In the non-life insurance segment in Germany, we are assuming that premiums will be on par with last year. The combined ratio will probably remain at its very good current level of below 95 %. As regards the direct insurance segment, we are aiming at an increase in total premium income of about 11 %. In the international operations segment, we expect premium income to rise strongly across the board. A significant contribution to this increase will be made by the first-time consolidation of BA-CA Insurance whose premiums have been shown in the Group's consolidated figures since the fourth quarter of 2008. International business of ERV will also account for a considerable share in this rise.

All in all, we expect total premium income to be between € 18.5bn and 19.0bn for the 2009 financial year (2008: € 17.7bn). On the net income side, we intend to continue the positive trend of the second quarter in the second half of the year.

Consolidated Annual Accounts

Consolidated balance sheet as at 30 June 2009

Assets	30 June 2009 €million	31 Dec 2008 €million
A. Intangible assets		
I. Goodwill	383.7	469.4
II. Other intangible assets	586.8	610.6
	970.5	1,080.0
B. Investments		
I. Land and buildings, including buildings on third-party land	2,557.9	2,552.9
Thereof: investment property held for sale	16.2	16.2
II. Investments in affiliated companies and associates	700.5	836.6
Thereof: investments in associates held for sale	23.7	-
III. Mortgage loans and other loans	43,727.4	39,700.2
IV. Other securities		
1. Held to maturity	122.8	142.8
2. Available for sale	57,608.5	58,546.6
3. At fair value through profit or loss	863.5	1,989.4
	58,594.7	60,678.9
V. Other investments	1,491.9	1,604.9
	107,072.5	105,373.5
C. Investments for the benefit of life insurance policyholders who bear the investment risk	3,365.9	2,873.9
D. Reinsurers' share in technical provisions	7,526.5	7,666.3
E. Receivables		
I. Current tax receivables	461.0	464.8
II. Other receivables	3,877.7	3,640.4
	4,338.7	4,105.2
F. Cash at banks, cheques and cash in hand	1,377.6	1,343.0
G. Deferred acquisition costs		
- Gross	6,676.3	6,648.4
- Ceded share	432.0	452.6
- Net	6,244.3	6,195.8
H. Deferred tax assets	2,048.7	2,094.4
I. Other assets	2,303.6	2,315.3
Total assets	135,248.3	133,047.3

Equity and liabilities	30 June 2009	31 Dec 2008
	€ million	€ million
A. Equity		
I. Issued capital and capital reserve	841.4	841.4
II. Retained earnings	2,271.5	2,333.1
III. Other reserves	328.2	306.4
IV. Consolidated result attributable to ERGO equity holders	-33.9	74.9
V. Minority interests	138.0	178.5
	3,545.2	3,734.2
B. Subordinated liabilities	437.4	437.0
C. Gross technical provisions		
I. Unearned premiums	1,960.5	1,517.8
II. Provision for future policy benefits	90,301.7	89,137.7
III. Provision for outstanding claims	7,029.7	6,810.6
IV. Provision for premium refunds and policyholders' dividends	8,774.4	9,045.2
Thereof: provision for deferred premium refunds relating to disposal groups	6.6	-
V. Other technical provisions	104.4	94.0
	108,170.7	106,605.4
D. Gross technical provisions for life insurance policies where the investment risk is borne by policyholders	3,465.6	2,939.6
E. Other accrued liabilities		
I. Provisions for post-employment benefits	893.8	844.1
II. Tax provisions	1,088.6	1,106.6
	1,982.4	1,950.7
F. Liabilities		
I. Current tax receivables	1,024.5	909.3
II. Other receivables	13,970.3	13,673.0
	14,994.7	14,582.2
Thereof: amounts due to banks relating to disposal groups	18.8	18.8
G. Deferred tax liabilities	2,652.1	2,798.0
Total equity and liabilities	135,248.3	133,047.3

Consolidated Annual Accounts

Consolidated income statement

for the period 1 January to 30 June 2009¹

	1 Jan - 30 June 2009 €million	1 Jan - 30 June 2008 €million
1. Gross premiums written	8,889.6	8,432.6
2. Earned premiums		
- Gross	8,499.7	8,044.8
- Ceded share	571.1	653.3
- Net	7,928.6	7,391.5
3. Income from technical interest	1,964.4	1,487.3
4. Expenses for claims and benefits		
- Gross	8,111.0	7,219.1
- Ceded share	312.4	411.4
- Net	7,798.7	6,807.7
5. Operating expenses		
- Gross	1,785.7	1,673.7
- Ceded share	162.6	153.9
- Net	1,623.1	1,519.8
6. Technical result (2.-5.)	471.2	551.3
7. Investment result		
- Investment income	3,470.8	3,851.3
- Investment expenses	1,652.9	2,341.5
- Total	1,817.9	1,509.8
- Thereof: income from associates	-23.2	24.7
8. Other operating income	129.0	135.2
9. Other operating expenses	181.5	177.8
10. Deduction of income from technical interest	-1,964.4	-1,487.3
11. Non-technical result (7.-10.)	-199.0	-20.1
12. Operating result (6.+11.)	272.2	531.2
13. Other non-operating result	-107.8	-53.7
14. Impairment losses of goodwill	85.2	-0.3
15. Finance costs	37.6	10.1
16. Taxes on income	76.6	198.8
17. Consolidated result	-35.1	268.8
Thereof:		
- Attributable to ERGO equity holders	-33.9	245.2
- Attributable to minority interests	-1.2	23.6
Earnings per share in accordance with IFRS €	-0.45	3.25

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

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

	1 Jan - 30 June 2009	1 Jan - 30 June 2008
	€ million	€ million
Consolidated result	-35.1	268.8
Currency translation		
Gains (losses) recognised in equity	-13.3	-32.7
Included in the income statement	-	-
Unrealised gains and losses on investments		
Gains (losses) recognised in equity	76.4	-588.1
Included in the income statement	-37.8	-53.9
Change resulting from valuation at equity		
Gains (losses) recognised in equity	-0.6	-0.1
Included in the income statement	-	-
Change resulting from cash flow hedges		
Gains (losses) recognised in equity	0.3	-0.8
Included in the income statement	-	-0.1
Actuarial gains and losses on defined benefit plans	1.5	20.8
Change in consolidated group	7.8	27.6
Other changes	-188.3	-2.2
Income and expense recognised directly in equity	-154.0	-629.5
Total recognised income and expense	-189.1	-360.7
Thereof:		
- Attributable to ERGO equity holders	-148.6	-356.6
- Attributable to ERGO minority interests	-40.5	-4.1
Thereof:		
Adjustments pursuant to IAS 8	-10.9	-

Consolidated Annual Accounts

Changes in equity

Changes in equity	Equity attributable to ERGO equity holders					Minority interests	Total equity	
	Issued capital and capital reserve	Retained earnings	Other reserves	Consolidated result				
			Unrealised gains and losses	Reserve from currency translation	Valuation result from cash flow hedges			
	€million	€million	€million	€million	€million	€million	€million	
Status at 31 Dec 2007	841.4	2,633.8	528.6	12.5	0.2	738.4	326.6	5,081.4
Allocation to retained earnings	-	-261.8	-	-	-	261.8	-	-
Total recognised income and expenses	-	23.5	-597.3	-27.1	-0.9	245.2	-4.1	-360.7
Thereof: Adjustments pursuant to IAS 8	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-1,000.2	-8.9	-1,009.1
Share buy-backs	-	-	-	-	-	-	-	-
Status at 30 June 2008	841.4	2,395.5	-68.7	-14.6	-0.7	245.2	313.6	3,711.7
Status at 31 Dec 2008	841.4	2,333.1	406.7	-103.2	2.9	74.9	178.5	3,734.2
Allocation to retained earnings	-	74.9	-	-	-	-74.9	-	-
Total recognised income and expenses	-	-136.5	34.4	-12.9	0.3	-33.9	-40.5	-189.1
Thereof: Adjustments pursuant to IAS 8	-	-3.7	-	-	-	-	-7.2	-10.9
Dividend	-	-	-	-	-	-	-	-
Share buy-backs	-	-	-	-	-	-	-	-
Status at 30 June 2009	841.4	2,271.5	441.1	-116.1	3.2	-33.9	138.0	3,545.2

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

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

Changes in cash	1 Jan - 30 June 2009 €million	1 Jan - 30 June 2008 €million
Consolidated result	-35.1	268.8
Net change in technical provisions	2,090.8	1,213.9
Change in deferred acquisition costs	-52.9	-100.0
Change in deposits retained and accounts receivable and payable	-110.1	125.2
Change in other receivables and liabilities	190.1	524.8
Gains and losses on the disposal of investments	11.9	-89.9
Change in securities held for trading	899.9	41.4
Change in other balance sheet items	76.5	-153.1
Other income/expenses without impact on cash flow	408.7	983.7
I. Cash flows from operating activities	3,479.8	2,814.8
Inflows from the sale of consolidated companies	-	-
Outflows from the acquisition of consolidated companies	-204.8	-36.5
Change from the acquisition, sale and maturities of other investments	-2,833.3	-1,597.7
Change from the acquisition and sale of investments for unit-linked life insurance	-367.1	-150.7
Other	-31.0	-37.1
II. Cash flows from investing activities	-3,436.2	-1,822.0
Inflows from increase in capital	-	-
Dividend payments	-2.4	-1,009.1
Change from other financing activities	-6.0	36.6
III. Cash flows from financing activities	-8.4	-972.5
Cash flows for the financial year (I.+ II.+ III.)	35.2	20.4
Effect of exchange rate changes on cash	0.6	7.9
Cash at the beginning of the financial year	1,343.0	1,721.5
Cash at the end of the financial year	1,377.6	1,734.1

Consolidated Annual Accounts

Segment reporting - classification according to business segments

Assets ¹	Life Germany		Health	
	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008
	€million	€million	€million	€million
A. Intangible assets				
I. Goodwill	2.5	2.5	79.6	79.6
II. Other intangible assets	6.7	6.7	47.2	45.7
	9.2	9.3	126.8	125.3
B. Investments				
I. Land and buildings, including buildings on third-party land	1,690.1	1,698.7	607.9	596.6
Thereof: investment property held for sale	-	-	-	-
II. Investments in affiliated companies and associates	225.9	265.7	250.1	172.8
Thereof: investments in associates held for sale	23.7	-	-	-
III. Mortgage loans and other loans	27,388.3	25,570.2	13,947.1	12,025.3
IV. Other securities				
1. Held to maturity	119.9	138.5	-	-
2. Available for sale	27,067.4	27,970.5	12,457.8	13,193.8
3. At fair value through profit or loss	267.6	1,028.0	39.2	225.4
	27,454.9	29,137.0	12,497.0	13,419.3
V. Other investments	1,516.7	1,803.6	148.0	109.1
	58,275.9	58,475.2	27,450.1	26,323.1
C. Investments for the benefit of life insurance policyholders who bear the investment risk	1,616.5	1,422.1	0.8	0.8
D. Reinsurers' share in technical provisions	3,340.1	3,536.6	1,072.5	1,050.0
E. Deferred acquisition costs				
- Gross	3,835.4	3,853.1	1,677.7	1,687.3
- Ceded share	397.6	429.7	0.6	0.4
- Net	3,437.8	3,423.4	1,677.1	1,686.9
F. Other segment assets	4,473.5	4,314.1	1,834.3	1,725.0
Thereof: other segment assets relating to disposal groups	-	-	-	-
Total segment assets	71,153.1	71,180.7	32,161.5	30,911.1

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

Property and casualty Germany		Direct insurance		International Operations		Other/ consolidation		Group value	
30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008
€million	€million	€million	€million	€million	€million	€million	€million	€million	€million
25.9	25.9	35.8	35.8	239.7	325.5	-	-	383.7	469.4
-	-	21.2	23.2	480.5	504.9	31.2	30.0	586.8	610.6
26.0	26.0	57.1	59.1	720.2	830.4	31.2	30.0	970.5	1,080.0
59.2	59.2	0.7	0.9	144.1	140.3	55.9	57.3	2,557.9	2,552.9
-	-	-	-	-	-	16.2	16.2	16.2	16.2
219.8	240.0	43.2	42.9	77.9	82.5	-116.5	32.7	700.5	836.6
-	-	-	-	-	-	-	-	23.7	-
2,091.6	2,030.4	1,694.7	1,436.4	475.3	426.6	-1,869.5	-1,788.8	43,727.4	39,700.2
-	-	-	-	2.9	4.4	-	-	122.8	142.8
3,622.6	3,520.6	2,567.8	2,412.0	11,535.5	11,147.5	357.4	302.2	57,608.5	58,546.6
9.7	34.0	4.9	65.9	540.9	630.8	1.1	5.3	863.5	1,989.4
3,632.3	3,554.6	2,572.8	2,477.9	12,079.3	11,782.7	358.5	307.4	58,594.7	60,678.9
267.4	280.2	73.4	110.3	328.1	398.3	-841.7	-1,096.6	1,491.9	1,604.9
6,270.4	6,164.4	4,384.7	4,068.4	13,104.7	12,830.3	-2,413.3	-2,487.9	107,072.5	105,373.5
-	-	19.1	15.5	1,729.5	1,435.5	-	-	3,365.9	2,873.9
608.7	591.9	65.1	63.6	3,599.8	3,649.3	-1,159.8	-1,225.2	7,526.5	7,666.3
382.7	366.8	290.2	274.4	709.5	680.9	-219.1	-214.1	6,676.3	6,648.4
14.9	10.4	1.9	-	236.0	226.1	-219.1	-214.1	432.0	452.6
367.8	356.3	288.2	274.4	473.5	454.8	-	-	6,244.3	6,195.8
1,797.7	1,735.5	242.9	347.5	1,922.4	1,951.5	-202.3	-215.7	10,068.6	9,857.9
-	-	-	-	-	-	-	-	-	-
9,070.5	8,874.1	5,057.1	4,828.4	21,550.1	21,151.8	-3,744.1	-3,898.7	135,248.3	133,047.3

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Segment reporting - classification according to business segments

Equity and liabilities ¹	Life Germany		Health	
	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008
	€million	€million	€million	€million
A. Subordinated liabilities	-	-	22.5	-
B. Gross technical provisions				
I. Unearned premiums	0.1	0.2	208.4	102.4
II. Provision for future policy benefits	55,666.2	55,605.8	21,163.9	20,333.5
III. Provision for outstanding claims	1,236.6	1,213.7	1,085.0	1,021.6
IV. Provision for premium refunds and policyholders' dividends	2,418.0	2,618.9	6,133.8	6,146.2
Thereof: provision for deferred premium refunds relating to disposal groups	6.6	-	-	-
V. Other technical provisions	11.1	11.2	8.3	8.2
	59,332.0	59,449.8	28,599.4	27,611.9
C. Gross technical provisions for life insurance policies where the investment risk is borne by policyholders	1,771.7	1,566.1	0.8	0.8
D. Other accrued liabilities	400.0	387.5	304.6	271.8
E. Other segment liabilities	8,490.5	8,638.5	2,233.0	2,125.6
Thereof: other segment liabilities relating to disposal groups	-	-	-	-
Total segment liabilities	69,994.2	70,041.8	31,160.3	30,010.1
Equity²				
Total equity and liabilities				

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

² The equity is merely stated for the Group as a whole. A break-down into segments would result in an inappropriate representation of the capital resources due to inter-segment capital interlocking.

Property and casualty Germany		Direct insurance		Internatinal Operations		Other/ consolidation		Group value	
30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008
€million	€million	€million	€million	€million	€million	€million	€million	€million	€million
-	-	-	-	66.1	62.8	348.9	374.2	437.4	437.0
728.1	485.5	71.4	63.9	991.4	894.6	-38.8	-28.8	1,960.5	1,517.8
360.0	341.9	3,435.8	3,419.9	10,688.5	10,538.7	-1,012.8	-1,102.1	90,301.7	89,137.7
3,261.6	3,202.8	95.7	93.9	1,457.6	1,371.7	-106.8	-93.0	7,029.7	6,810.6
54.3	53.5	147.6	107.2	42.3	74.0	-21.6	45.3	8,774.4	9,045.2
-	-	-	-	-	-	-	-	6.6	-
31.6	30.0	15.1	15.1	39.6	30.8	-1.3	-1.4	104.4	94.0
4,435.6	4,113.8	3,765.5	3,700.0	13,219.4	12,909.8	-1,181.3	-1,179.9	108,170.7	106,605.4
-	-	19.1	15.5	1,674.0	1,357.3	-	-	3,465.6	2,939.6
313.0	250.2	31.3	37.8	191.7	184.9	741.8	818.5	1,982.4	1,950.7
1,254.2	1,380.6	994.8	841.6	4,201.9	4,308.7	472.6	85.2	17,646.8	17,380.3
-	-	-	-	-	-	18.8	18.8	18.8	18.8
6,002.8	5,744.7	4,810.7	4,594.9	19,353.0	18,823.5	381.9	98.0	131,703.0	129,313.0
								3,545.2	3,734.2
								135,248.3	133,047.3

Consolidated Annual Accounts

Segment reporting - classification according to business segments

for the period 1 January to 30 June 2009 (Previous year's figures adjusted owing to first-time application of IFRS 8)

Consolidated income statement	Life Germany		Health	
	1 Jan - 30 June 2009 €million	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2009 €million	1 Jan - 30 June 2008 €million
1. Gross premiums written				
From insurance transactions with other segments	57.0	49.1	25.1	0.1
From insurance transactions with external third parties	2,111.9	2,181.0	2,850.5	2,643.0
	2,168.9	2,230.1	2,875.6	2,643.1
2. Earned premiums				
- Gross	2,169.1	2,230.4	2,819.0	2,607.3
- Ceded share	172.8	197.2	100.5	129.7
- Net	1,996.2	2,033.2	2,718.5	2,477.6
3. Income from technical interest	990.7	731.1	616.9	516.2
4. Expenses for claims and benefits				
- Gross	2,616.8	2,488.7	2,873.0	2,541.4
- Ceded share	78.8	125.3	75.9	90.0
- Net	2,538.1	2,363.4	2,797.1	2,451.4
5. Operating expenses				
- Gross	371.6	361.2	376.1	330.1
- Ceded share	85.0	62.4	13.9	31.7
- Net	286.7	298.8	362.2	298.4
6. Technical result (2.-5.)	162.2	102.1	176.0	244.0
7. Investment result				
- Investment income	1,883.2	2,182.2	788.2	993.4
- Investment expenses	1,001.5	1,394.9	232.6	634.2
- Total	881.7	787.3	555.6	359.2
Thereof:				
Interest and similar income	1,198.4	1,130.4	554.8	502.4
Interest charges and similar expenses	27.4	41.2	9.0	13.7
Write-down of investments	495.4	809.2	55.7	327.9
Write-ups of investments	70.5	390.2	22.8	146.5
Income from associates	-18.5	-1.0	9.5	0.2
8. Other operating income	233.5	241.1	44.3	29.8
Thereof:				
Interest and similar income	4.6	17.8	2.4	5.1
Write-ups of other operating assets	-	0.5	0.1	0.1
9. Other operating expenses	254.8	263.7	62.4	41.5
Thereof:				
Interest charges and similar expenses	2.5	3.2	5.4	4.9
Write-downs of other operating assets	8.3	9.7	2.6	2.1
10. Deduction of income from technical interest	-990.7	-731.1	-616.9	-516.2
11. Non-technical result (7.-10.)	-130.3	33.6	-79.3	-168.7
12. Operating result (6.+11.)	31.9	135.7	96.7	75.3
13. Other non-operating result, finance costs and impairment losses of goodwill	-22.8	0.9	-31.5	-16.7
14. Taxes on income	-3.1	82.0	53.6	28.6
15. Consolidated result	12.2	54.7	11.5	30.0
Thereof:				
- Attributable to ERGO equity holders	12.5	52.5	13.7	30.2
- Attributable to minority interests	-0.3	2.2	-2.2	-0.2

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Segment reporting

Investments according to segments and regions^{1,2}

	Life Germany		Health		Property and casualty Germany	
	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008
	€million	€million	€million	€million	€million	€million
Germany	37,021.1	39,453.8	18,458.7	18,976.2	2,972.8	3,190.4
International	20,659.4	17,991.9	8,329.1	6,762.5	2,991.0	2,709.1
Total	57,680.4	57,445.7	26,787.7	25,738.7	5,963.8	5,899.5

Gross premiums written^{1,2}

	Life Germany		Health		Property and casualty Germany	
	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008
	€million	€million	€million	€million	€million	€million
Germany	2,110.7	2,179.8	2,358.8	2,225.6	1,710.9	1,709.7
International	1.2	1.2	491.6	417.3	-	-
Total	2,111.9	2,181.0	2,850.5	2,643.0	1,710.9	1,709.7

¹ Figures based on fully consolidated Group values.

² Previous year's figures adjusted owing to first-time application of IFRS 8.

The break down of our investments and gross premiums written according to regions is determined by geographical origin.

Direct insurance		Internatinal Operations		Other		Group value	
30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008
€million	€million	€million	€million	€million	€million	€million	€million
3,110.8	3,137.6	2,373.0	2,405.0	320.5	378.9	64,256.8	67,542.1
1,288.1	943.0	12,449.1	11,840.2	465.0	458.6	46,181.6	40,705.3
4,398.9	4,080.7	14,822.0	14,245.2	785.5	837.6	110,438.4	108,247.3

Direct insurance		Internatinal Operations		Group value	
1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008
€million	€million	€million	€million	€million	€million
420.5	402.2	-	-	6,601.0	6,517.3
6.7	6.3	1,789.1	1,490.4	2,288.6	1,915.2
427.2	408.5	1,789.1	1,490.4	8,889.6	8,432.6

Accounting and valuation principles

This interim report as at 30 June 2009 has been prepared in accordance with International Financial Reporting Standards (IFRSs) as applicable in the European Union. The condensed interim consolidated financial statements are prepared in accordance with IAS 34. We have complied with all new and amended IFRSs and IFRIC interpretations whose application is compulsory for the first time for periods beginning on 1 January 2009. The following new or revised standards are of significance: The implementation of IFRS 8, Operating Segments, to be applied for the first time as from 1 January 2009, has resulted in additional disclosures in the notes and a modified disclosure of items in our segment reporting. The business fields in which we operate continue to form the basis for identifying the segments to be reported. In accordance with the "management approach", the way in which the ERGO Versicherungsgruppe is managed internally constitutes the basis for the changes in disclosure described in the following.

Accordingly, we report on the segments of life (Germany), health, non-life (Germany), direct insurance and international operations. The travel insurers Europäische Reiseversicherung (ERV) and Mercur Assistance (as from 1 April 2009 known as almeda GmbH), which we took over on 1 January 2009, is reported in the health segment; the business activities of their European subsidiaries features in the international operations segment. International business included in the health segment forms part of the activities of the new brand "Munich Health" within the Munich Re Group. Due to the direct or indirect majority stake held by ERGO Versicherungsgruppe AG in the companies active in this area, these are still included in the consolidated financial statements of the ERGO Insurance Group. As this segment does not currently meet the materiality criteria as per IFRS 8, it is reported together with German health insurance.

Although the KarstadtQuelle Versicherungen companies summarised in the direct insurance segment are accounted for internally together with the life segment (Germany), they are nevertheless shown separately due to the special business model (direct sales), even though the volume of business is not subject to disclosure.

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

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

Technical interest income may be interpreted in various ways depending on the type of insurance business conducted and the legal provisions which apply:

Technical interest income for life insurance (Germany) corresponds to the participation by the policyholders in capital gains as well as in other non-technical parts of the results in form of guaranteed return on interest and surplus sharing (real and deferred provision for premium refunds) plus the net amount from unrealised gains and losses from unit-linked life insurance.

As regards the German health insurance, the technical interest income corresponds to the appropriation of interest to the ageing reserve (technical interest rate) as well as the appropriation to the ageing reserve for long-term nursing care insurance as well as for additional minimum liability and a provision for premium supplements. Furthermore, it contains the appropriation to the provision for premium refunds as is the case with German life insurance.

In terms of national non-life insurance and international insurance business, it corresponds to the return of interest on our technical provisions without bearing any risk. This is derived from the replication portfolio at a national level and is based on long-term interest rates in the country in question as far as international business is concerned. As regards discounted reserves (accident insurance with return of premium, employee accident insurance) it corresponds to their regular compound interest effect. For international life insurance business, surplus sharing as well as a net amount from the unrealised gains and losses from unit-linked life insurance are taken into account as far as there are corresponding contract models.

For reasons of consistency and comparability, we have adjusted the structure of our consolidated income statement in accordance with our segment income statement. Differences merely exist in the degree of detail of individual items. To meet the IFRS 8 requirements for additional segment disclosures of certain income and expense components, we provide extra "thereof" items in the segmental income statement

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

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

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

Taxes on income in the ERGO Versicherungsgruppe's half-year financial statements are calculated in the same way as for the consolidated financial statements as at 31 December 2008, i.e. a tax calculation is made per quarterly result of the individual consolidated companies.

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Notes on the balance sheet

In the first half of 2009, we corrected accounting errors in the financial statements of two subsidiaries. In accordance with IAS 8, the relevant corrections have been made through retained earnings without impact on profit or loss, as a retrospective adjustment for prior periods was impracticable on a cost-benefit basis. Retained earnings have been reduced by €3.7m as a result. The consolidated balance sheet at 30 June 2009 is affected by the adjustments as follows:

Assets	€ million
Investments in affiliated companies and associates	-11.8
Other receivables	-7.1
Deferred tax assets	13.1

Equity and liabilities	€ million
Retained earnings	-3.7
Minority interests	-7.2
Other liabilities	5.1

Changes in the consolidated group

With effect from 1 January 2009 the ERGO Insurance Group took over Europäische Reiseversicherung (ERV) and Mercur Assistance (as from 1 April 2009 known as almeda GmbH) from the Munich Re. The purchase price was ascertained by means of an external appraisal report at €202.6m. The takeover was included in the ERGO Insurance Group consolidated financial statements on 1 January 2009 at carrying value, as was the case when these companies were consolidated in the accounts of the Munich Re as at 31 December 2008. This is because the companies involved are governed by the Munich Re and are still included in the consolidated financial statements of the Munich Re Group. The excess amount of €142.3m from the proportionate equity interest of the companies taken over was offset against retained earnings.

During the first six months of 2009 the ERGO Insurance Group acquired the remaining shares in ERGO Previdenza for a purchase price of €27.6m. This purchase took place as an equity transaction among the shareholders. Consequently, the difference of €2.6m was offset against the retained earnings (recorded under "Other changes" in the statement of recognised income and expenses).

Intangible assets

The deterioration in parameters caused by the spreading of the financial crisis to the real economy prompted us to critically review the business plans of our international insurance companies and, in some cases, adjust them downwards. We therefore made write-downs of around €85m for impairments of goodwill, in particular for Bank Austria Creditanstalt Versicherung (BACAV), whose goodwill we wrote off completely.

Non-current assets and disposal groups held for sale

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

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

[1] Intangible assets

	30 June 2009	31 Dec 2008
	€million	€million
I. Goodwill	383.7	469.4
II. Other intangible assets	586.8	610.6
Thereof:		
Software	86.6	74.4
Purchased insurance portfolios	289.0	306.9
Other	211.2	229.3
Total	970.5	1 080.0

[2] Other securities - available for sale

	Amortised cost		Unrealised gains/losses		Carrying amounts	
	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008	30 June 2009	31 Dec 2008
	€million	€million	€million	€million	€million	€million
Non-fixed-interest						
Shares	1,366.5	2,297.6	413.3	336.7	1,779.8	2,634.3
Investment funds	1,173.8	1,237.0	67.9	79.0	1,241.7	1,316.0
Other	640.9	723.9	-27.7	-17.0	613.2	706.9
	3,181.2	4,258.5	453.4	398.7	3,634.7	4,657.2
Fixed-interest	53,295.5	53,217.6	678.3	671.9	53,973.8	53,889.4
Total	56,476.8	57,476.1	1,131.7	1,070.6	57,608.5	58,546.6

[3] Minority interests in equity

	30 June 2009	31 Dec 2008
	€million	€million
Unrealised gains and losses on investments	2.0	-1.7
Share in consolidated result	-1.2	11.5
Other equity	137.3	168.7
Total	138.0	178.5

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Notes on the balance sheet and on the consolidated profit and loss account

[4] Subordinated liabilities

The subordinated liabilities item includes on the one hand ERGO Versicherungsgruppe AG's entry into an existing subordinated loan incurred by the Munich Re.

It also comprises bearer bonds of Bank Austria Creditanstalt Versicherung AG (BA-CA Insurance) on paid-in supplementary capital.

[5]

[5a] Premiums^{1,2}

	Life Germany		Health	
	1 Jan - 30 June 2009 €million	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2009 €million	1 Jan - 30 June 2008 €million
Total premiums	2,436.4	2,531.4	2,850.5	2,643.0
Gross premiums written	2,111.9	2,181.0	2,850.5	2,643.0
Change in unearned premiums (- = expense)	0.2	0.3	-52.6	-35.8
Gross earned premiums	2,112.1	2,181.3	2,797.9	2,607.2
Ceded premiums written	168.8	191.3	97.6	129.5
Change in unearned premiums (reinsurers' shares) (- = income)	-	-	2.7	-0.1
Ceded premiums	168.8	191.3	100.3	129.5
Net earned premiums	1,943.4	1,989.9	2,697.6	2,477.8

¹ Figures based on fully consolidated Group values.

² Previous year's figures adjusted owing to first-time application of IFRS 8.

Property and casualty Germany		Direct insurance		International Operations		Group value	
1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008
€million	€million	€million	€million	€million	€million	€million	€million
1,710.9	1,709.7	642.2	527.5	2,027.9	1,558.9	9,667.9	8,970.6
1,710.9	1,709.7	427.2	408.5	1,789.1	1,490.4	8,889.6	8,432.6
-242.9	-247.2	-7.5	-6.9	-87.1	-98.2	-389.9	-387.8
1,468.0	1,462.4	419.7	401.6	1,702.0	1,392.3	8,499.7	8,044.8
138.4	128.5	6.4	7.9	188.5	216.9	599.7	674.2
-19.7	-13.1	-	-	-11.6	-7.8	-28.7	-20.9
118.7	115.4	6.4	7.9	176.9	209.2	571.1	653.3
1,349.3	1,347.0	413.3	393.7	1,525.1	1,183.1	7,928.6	7,391.5

Consolidated Annual Accounts

Notes on the consolidated profit and loss account

[5b] Gross premiums written by segments and lines of business^{1,2}

	1 Jan - 30 June 2009 € million	1 Jan - 30 June 2008 € million
Life Germany	2,111.9	2,181.0
Health	2,850.5	2,643.0
Property and casualty Germany	1,710.9	1,709.7
Thereof:		
Motor	391.9	402.7
Personal accident	363.4	365.0
Fire and property	292.3	286.4
Liability	288.4	288.7
Legal expenses	223.8	229.2
Transport and aviation	54.7	50.2
Other	96.6	87.4
Direct insurance	427.2	408.5
Thereof:		
Life	249.9	250.3
Health	116.4	101.7
Personal accident	17.8	17.0
Motor	12.6	10.9
Other	30.5	28.6
International Operations	1,789.1	1,490.4
Thereof:		
Life	666.0	447.5
Property and casualty	1,123.1	1,043.0
Thereof:		
Motor	459.4	461.8
Legal expenses	262.0	248.9
Other	401.6	332.2
Group value	8,889.6	8,432.6

¹ Figures based on fully consolidated Group values.

² Previous year's figures adjusted owing to first-time application of IFRS 8.

[5c] Gross premiums written by countries

	1 Jan - 30 June 2009	1 Jan - 30 June 2008
	€million	€million
Germany	6,601.0	6,517.3
Belgium	368.7	323.4
Austria	337.1	111.7
Spain	316.6	250.1
Poland	307.2	324.3
Italy	208.2	229.3
Turkey	172.9	205.1
The Netherlands	104.8	91.6
Other	473.1	379.7
Total	8,889.6	8,432.6

Consolidated Annual Accounts

Notes on the consolidated profit and loss account

[6] Net expenses for claims and benefits^{1,2}

	Life Germany		Health	
	1 Jan - 30 June	1 Jan - 30 June	1 Jan - 30 June	1 Jan - 30 June
	2009	2008	2009	2008
	€million	€million	€million	€million
Claims and benefits paid	2,553.5	2,593.4	2,010.7	1,877.5
Change in provision for outstanding claims	23.2	-12.0	26.8	-30.7
Change in provision for future policy benefits and other provisions	31.6	-104.1	527.0	548.8
Expenses for premium refunds and policyholders' bonuses	-123.6	-86.0	294.9	147.4
Other technical result (- = income)	77.4	44.4	-0.2	0.3
Gross expenses for claims and benefits	2,562.1	2,435.6	2,859.2	2,543.2
Claims and benefits paid	191.8	183.1	83.9	80.7
Change in provision for outstanding claims	-1.2	1.7	-5.0	0.1
Change in provision for future policy benefits and other provisions	-53.7	1.1	12.4	26.6
Expenses for premium refunds and policyholders' bonuses	-	-	5.7	1.3
Other technical result (- = expense)	-57.6	-61.0	-21.4	-18.9
Reinsurers' share of expenses for claims and benefits	79.3	124.9	75.6	89.9
Claims and benefits paid	2,361.7	2,410.2	1,926.8	1,796.7
Change in provision for outstanding claims	24.4	-13.7	31.8	-30.9
Change in provision for future policy benefits and other provisions	85.3	-105.2	514.6	522.1
Expenses for premium refunds and policyholders' bonuses	-123.6	-86.0	289.2	146.1
Other technical result (- = income)	135.0	105.4	21.2	19.2
Net expenses for claims and benefits	2,482.8	2,310.7	2,783.6	2,453.2

¹ Figures based on fully consolidated Group values.

² Previous year's figures adjusted owing to first-time application of IFRS 8.

Property and casualty Germany		Direct insurance		International Operations		Group value	
1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008
€million	€million	€million	€million	€million	€million	€million	€million
810.1	805.6	306.2	274.5	1,080.6	723.1	6,761.1	6,274.0
55.9	26.9	2.5	4.6	43.8	49.5	152.2	38.3
18.6	14.3	10.1	33.6	266.4	260.1	853.7	752.6
6.1	6.2	58.0	42.3	2.2	-10.6	237.5	99.3
2.9	2.0	17.2	15.1	9.1	-7.0	106.4	54.8
893.6	855.1	394.0	370.0	1,402.1	1,015.2	8,111.0	7,219.1
70.3	82.3	2.8	2.3	124.7	102.7	473.5	451.1
-4.1	-3.1	1.1	6.5	1.0	-1.6	-8.2	3.6
0.4	-1.2	3.1	1.9	1.6	49.2	-36.2	77.6
-	0.3	-	-	0.6	0.1	6.3	1.7
3.2	4.1	-0.8	-0.8	-46.4	-46.0	-123.0	-122.7
69.9	82.4	6.2	9.9	81.4	104.3	312.4	411.4
739.8	723.3	303.4	272.1	955.9	620.5	6,287.6	5,822.9
60.0	30.0	1.4	-1.9	42.8	51.0	160.4	34.7
18.2	15.6	7.1	31.7	264.8	210.9	889.9	675.0
6.0	5.8	58.0	42.3	1.6	-10.7	231.2	97.5
-0.3	-2.1	18.0	15.9	55.5	39.1	229.5	177.5
823.7	772.7	387.9	360.1	1,320.6	910.8	7,798.7	6,807.7

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Notes on the consolidated profit and loss account

[7] Net operating expenses^{1,2}

	Life Germany		Health	
	1 Jan - 30 June 2009 €million	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2009 €million	1 Jan - 30 June 2008 €million
Acquisition costs	272.0	328.9	282.6	266.5
Administration expenses	80.3	86.0	82.5	75.2
Deferred acquisition costs	21.9	-53.2	15.8	10.8
Amortisation of PVFP	-	-	0.5	0.6
Gross operating expenses	374.2	361.6	381.4	353.1
Reinsurers' share of acquisition costs	-	-	-	-
Reinsurers' share of deferred acquisition costs	29.1	-11.1	1.1	-
Commission received on ceded business	51.9	68.2	12.8	31.7
Reinsurers' share of operating expenses	81.1	57.1	13.8	31.7
Net operating expenses	293.1	304.5	367.5	321.4

¹ Figures based on fully consolidated Group values.

² Previous year's figures adjusted owing to first-time application of IFRS 8.

Property and casualty Germany		Direct insurance		International Operations		Group value	
1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008
€million	€million	€million	€million	€million	€million	€million	€million
259.5	256.9	81.2	91.8	361.0	310.6	1,256.3	1,254.7
210.8	223.5	21.2	22.5	147.2	125.7	541.9	533.0
-18.8	-13.9	-15.8	-18.3	-32.1	-44.6	-29.0	-119.2
-	-	1.6	2.3	14.3	2.3	16.4	5.2
451.5	466.6	88.2	98.3	490.4	394.0	1,785.7	1,673.7
0.4	0.5	-	-	-	-	0.4	0.5
-4.5	-4.8	-1.9	-	-1.7	-2.9	22.1	-18.7
30.9	26.9	0.6	2.0	43.9	43.3	140.1	172.1
26.8	22.6	-1.4	2.0	42.2	40.5	162.6	153.9
424.7	443.9	89.6	96.3	448.2	353.6	1,623.1	1,519.8

Consolidated Annual Accounts

Notes on the consolidated profit and loss account

[8a] Investment result according to segments^{1,2} (before deduction of technical interest)

	Life Germany		Health	
	1 Jan - 30 June 2009 €million	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2009 €million	1 Jan - 30 June 2008 €million
Land and buildings, including buildings on third-party land	61.3	73.0	18.8	18.7
Investments in affiliated companies	-6.3	-1.8	-5.6	-2.8
Investments in associates	-18.5	-1.0	9.5	0.2
Mortgage loans and other loans	564.9	516.1	271.8	227.9
Other securities				
Held to maturity	3.0	4.1	-	-
Available for sale				
Non-fixed-interest	-168.7	-394.6	16.4	-215.7
Fixed-interest	562.6	557.9	255.2	244.3
	393.9	163.3	271.6	28.6
At fair value through profit or loss				
Held for trading				
Non-fixed-interest	-	-	-	-
Fixed-interest	1.8	-	-	-
Derivatives	-152.7	257.5	6.1	97.9
	-150.9	257.5	6.1	97.9
Designated as at fair value through profit or loss				
Non-fixed-interest	-	-	-	-
Fixed-interest	-	-	-	-
	-	-	-	-
Total at fair value through profit or loss	-150.9	257.5	6.1	97.9
Total other securities	246.1	424.9	277.7	126.5
Deposits retained on assumed reinsurance, and other investments	1.4	6.3	-	-
Investments for the benefit of life insurance policyholders who bear the investment risk	71.1	-196.6	-	-0.2
Expenses for the management of investments, other expenses	-73.2	-78.3	-25.7	-21.7
Total	846.8	742.7	546.6	348.7

¹ Figures based on fully consolidated Group values.

² Previous year's figures adjusted owing to first-time application of IFRS 8.

Property and casualty Germany		Direct insurance		International Operations		Other		Group value	
1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008
€million	€million	€million	€million	€million	€million	€million	€million	€million	€million
2.1	2.8	-	-	3.3	2.9	1.8	1.6	87.3	99.2
-	-	0.7	-	1.8	0.3	0.9	-4.5	-8.3	-8.7
-18.6	1.5	0.3	0.2	0.4	11.4	3.7	12.3	-23.2	24.7
42.3	31.7	37.4	30.3	7.7	6.5	5.6	1.5	929.7	813.9
-	-	-	-	0.1	0.2	-	-	3.2	4.3
-19.1	-11.4	-2.3	-19.4	-1.8	-7.0	-3.7	2.0	-179.3	-646.1
57.3	70.5	54.8	49.0	243.8	186.9	3.7	3.4	1,177.5	1,112.0
38.2	59.1	52.5	29.6	242.1	179.9	-0.1	5.4	998.2	465.9
-	-	-	-	0.3	0.1	-	-	0.3	0.1
-	-	-	-	-1.6	0.7	-	-	0.2	0.7
13.1	18.2	3.3	35.9	-54.9	17.4	-2.3	-0.1	-187.4	426.7
13.1	18.2	3.3	35.9	-56.3	18.2	-2.3	-0.1	-186.9	427.5
-	-	-	-	10.1	-	-	-	10.1	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	10.1	-	-	-	10.1	-
13.1	18.2	3.3	35.9	-46.1	18.2	-2.3	-0.1	-176.8	427.5
51.3	77.3	55.8	65.5	196.0	198.4	-2.4	5.3	824.6	897.8
-	-	-	-	0.3	0.3	-	-	1.7	6.7
-	-	1.1	-2.6	56.8	-20.6	-	-	129.0	-219.9
-6.9	-0.3	-10.9	-11.4	-4.4	6.4	-1.9	1.5	-122.8	-103.8
70.2	113.1	84.5	82.1	262.0	205.7	7.8	17.6	1,817.9	1,509.8

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Notes on the consolidated profit and loss account

[8b] Investment income and expenses according to segments^{1,2} (before deduction of technical interest)

	Life Germany		Health	
	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008
	€million	€million	€million	€million
Regular income	1,300.7	1,346.6	639.1	673.7
Thereof: Income from interest	1,159.9	1,085.0	547.4	491.2
Write-ups	72.3	392.1	22.8	146.5
Gains on the disposal of investments	394.5	397.6	117.3	162.4
Other income from investments	77.1	0.5	-	-
Total income from investments	1,844.5	2,136.8	779.2	982.6
Write-downs	495.4	809.2	55.7	327.9
Losses on the disposal of investments	400.9	278.3	140.0	265.4
Interest charges	26.4	40.5	9.0	13.7
Management expenses for investments	25.7	42.4	18.3	18.1
Other expenses for investments	49.2	223.8	9.7	9.0
Total expenses for investments	997.7	1,394.1	232.6	634.0
Investment result	846.8	742.7	546.6	348.7

¹ Figures based on fully consolidated Group values.

² Previous year's figures adjusted owing to first-time application of IFRS 8.

Property and casualty Germany		Direct insurance		International Operations		Other		Group value	
1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008
€million	€million	€million	€million	€million	€million	€million	€million	€million	€million
110.5	130.7	95.8	98.5	293.1	224.0	16.6	24.9	2,455.7	2,498.4
110.5	100.8	90.4	82.9	275.3	207.1	9.9	8.5	2,193.5	1,975.6
19.4	17.9	19.5	42.8	75.8	16.7	1.9	0.4	211.6	616.4
80.4	121.5	25.8	28.0	40.0	19.5	0.2	0.6	658.2	729.6
-	-	1.2	-	67.0	6.4	-	-	145.3	7.0
210.2	270.0	142.3	169.2	475.9	266.7	18.7	25.9	3,470.8	3,851.3
65.7	90.0	21.6	48.4	148.2	15.6	8.4	0.4	795.0	1,291.6
64.7	57.4	24.6	21.3	42.2	11.6	-	5.7	672.4	639.6
0.4	0.7	-	-	3.3	-	-	-	39.1	54.8
7.5	7.2	11.2	14.6	7.2	5.5	2.5	2.1	72.4	89.9
1.7	1.6	0.3	2.8	13.1	28.4	-	-	74.0	265.6
140.0	157.0	57.7	87.1	213.9	61.0	10.9	8.2	1,652.9	2,341.5
70.2	113.1	84.5	82.1	262.0	205.7	7.8	17.6	1,817.9	1,509.8

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Notes on the consolidated profit and loss account

[9] Other operating result^{1,2}

	Life		Health	
	Germany			
	1 Jan - 30 June 2009 €million	1 Jan - 30 June 2008 €million	1 Jan - 30 June 2009 €million	1 Jan - 30 June 2008 €million
Income from services rendered and from broking insurance policies	21.3	27.5	9.5	4.5
Income from owner-occupied property	12.8	10.9	2.8	3.1
Interest from other than expenses	4.6	17.7	2.1	5.1
Income from releases from other non-technical provisions	1.7	1.4	6.9	1.5
Miscellaneous	3.5	1.0	6.9	0.6
Other operating income	43.9	58.4	28.2	14.8
Expenses for services rendered and for broking insurance policies	26.8	33.9	3.1	3.3
Expenses for owner-occupied property	3.4	3.8	1.0	1.2
Interest charges and similar expenses	2.3	2.9	5.1	4.6
Write-downs of other operating assets	5.3	6.7	1.5	0.7
Allocation to other non-technical provisions	-	0.7	-	-0.2
Miscellaneous	9.2	7.3	23.8	8.0
Other operating expenses	46.9	55.2	34.6	17.5
Total	-3.0	3.2	-6.5	-2.6

¹ Figures based on fully consolidated Group values.

² Previous year's figures adjusted owing to first-time application of IFRS 8.

Property and casualty Germany		Direct insurance		International Operations		Other		Group value	
1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008
€million	€million	€million	€million	€million	€million	€million	€million	€million	€million
11.6	11.1	1.4	0.8	11.2	11.9	4.7	17.9	59.7	73.8
0.8	0.2	0.1	-	0.7	2.1	-	-	17.2	16.2
0.7	2.3	0.3	0.5	1.9	4.7	0.2	1.9	9.8	32.2
1.5	3.3	1.2	2.6	6.8	1.7	12.2	2.0	30.2	12.6
1.0	1.4	-	-	3.6	-2.5	-2.9	-	12.1	0.4
15.5	18.2	3.0	3.9	24.2	17.9	14.3	21.9	129.0	135.2
15.0	15.7	1.1	0.6	8.3	7.7	4.6	11.4	59.0	72.5
3.3	0.9	0.1	0.1	0.8	0.6	-	-	8.7	6.6
5.0	2.2	0.2	0.1	3.3	0.8	27.7	42.2	43.6	52.8
1.3	1.7	0.2	0.2	0.4	1.8	3.2	0.3	11.8	11.3
2.8	0.1	-	-	3.3	2.7	1.3	0.3	7.3	3.6
3.1	3.7	3.9	1.7	9.8	8.7	1.5	1.6	51.2	31.0
30.6	24.2	5.4	2.7	25.8	22.4	38.2	55.8	181.5	177.9
-15.0	-6.0	-2.5	1.1	-1.6	-4.4	-23.9	-33.9	-52.5	-42.7

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Notes on the consolidated profit and loss account

[10] Other non-operating result, finance costs and impairment losses of goodwill^{1,2}

	Life Germany		Health	
	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008
	€million	€million	€million	€million
Foreign currency exchange gains	482.9	294.3	408.7	181.5
Miscellaneous	39.8	7.0	4.3	2.4
Other non-operating income	522.7	301.4	413.1	183.9
Foreign currency exchange losses	525.2	289.1	426.9	189.9
Miscellaneous	18.0	11.4	18.6	10.7
Other non-operating expenses	543.2	300.5	445.4	200.6
Other non-operating result	-20.5	0.8	-32.4	-16.7
Impairment losses of goodwill	-	-	-	-
Finance costs	-	-	-	-
Total	-20.5	0.8	-32.4	-16.7

¹ Figures based on fully consolidated Group values.

² Previous year's figures adjusted owing to first-time application of IFRS 8.

Property and casualty Germany		Direct insurance		International Operations		Other		Group value	
1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008	1 Jan - 30 June 2009	1 Jan - 30 June 2008
€million	€million	€million	€million	€million	€million	€million	€million	€million	€million
96.8	56.9	42.5	25.2	16.1	7.8	1.6	0.4	1,048.6	566.1
7.2	3.5	0.1	0.1	20.3	12.4	18.9	4.5	90.7	29.8
104.0	60.3	42.6	25.2	36.4	20.2	20.5	4.9	1,139.3	595.9
91.5	48.8	45.0	19.3	9.0	5.8	1.6	1.1	1,099.1	554.0
13.4	6.0	0.1	0.1	32.7	23.2	65.3	44.2	148.0	95.6
104.8	54.8	45.1	19.4	41.7	29.0	66.8	45.3	1,247.1	649.6
-0.8	5.5	-2.5	5.8	-5.3	-8.8	-46.3	-40.4	-107.8	-53.7
-	-	-	-	85.2	-0.1	-	-0.2	85.2	-0.3
-	-	-	-	2.3	0.1	35.3	10.0	37.6	10.1
-0.8	5.5	-2.5	5.8	-92.8	-8.7	-81.6	-50.3	-230.6	-63.6

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Other disclosures

[11] Number of employees

	30 June 2009	31 Dec 2008
In-house employees	26,561	24,944
Salaried sales force	6,521	6,564
Total	33,082	31,508

The number of salaried employees by the Group at 30 June 2009 totalled 20,840 (20,617) in Germany and 12,242 (10,891) in other countries.

[12] Contingent and secondary liabilities as well as investment and other financial obligations

There are no substantial changes compared with the consolidated annual accounts for the 2008 financial year.

[13] Relations to associated companies

The ERGO Insurance Group maintains various reinsurance relations with Münchener Rückversicherungs-Gesellschaft AG, Munich, as well as with a number of its subsidiary reinsurance companies. In the first six months of the year € 440.7m (€ 522.0m) or 73.5 % (77.4 %) of total reinsurance premiums were ceded to reinsurance.

During the period under review € 383.3m (€ 362.9m) of payments for claims were settled by related reinsurance companies. The reinsurers' share in deposits retained from ceded business amounts to € - (€ 2.3m) and € 4,957.8m (€ 5,148.1m) for deposits held. The share in accounts receivable on reinsurance business amounts to € 15.3m (€ 31.5m) and accounts payable stand at € 34.5m (€ 29.4m).

[14] Events after the balance sheet date

With effect from the balance sheet date, properties, buildings and liabilities of HE Haus- und Grundbesitzgesellschaft Elsterwerda mbH were pooled together in a group and classed as "held for disposal". We sold our stake in the company with economic effect from 24 July 2009. The sale resulted in gains on disposals of €5.4m, posted in the second half year of 2009.

On 29 July the Federal Court of Justice made a decision regarding the required information on payment on instalment clauses in application documents. The legal dispute concerned the inclusion of a clause pertaining to premium payments made during the course of a year and the related surcharges. The clause used hitherto by a number of insurance companies is classified by the Federal Court of Justice as deferred payment for valuable consideration. The main issue of contention concerns insurance documents which currently do not (yet) contain any information as to the effective annual interest rate. This may lead to repercussions for the ERGO Insurance Group.

Assurance of legal representatives

We hereby assure to the best of our knowledge that the consolidated interim financial statements convey a fair view of the assets, liabilities, financial position and income situation of the Group which correspond to the actual situation in accordance with the accounting principles to be applied to interim reporting, and that the consolidated interim management report on business activities, including business results and the situation of the Group, is presented in such a way that it represents a true picture of the actual situation and suitably presents the major opportunities and risks of probable Group development for the remainder of the financial year.

Signed in Düsseldorf, August 2009

ERGO Versicherungsgruppe Aktiengesellschaft

The Board of Management

Supervisory Board

Chairman: Dr. Nikolaus von Bomhard

Board of Management

Chairman: Dr. Torsten Oletzky
Dr. Bettina Anders
Dr. Daniel von Borries
Günter Dibbern
Christian Diedrich
Dr. Ulf Mainzer
Dr. Jochen Messemer
Dr. Rolf Ulrich
Jürgen Vetter

