PSVaG
Insolvenzsicherung
der Betriebsrenten

21

2021
Annual Report

Who we are

We are a self-help institution within the German economy providing statutory protection for occupational pension schemes in the event of employer insolvency.

Creating a secure future for this instrument of entrepreneurial responsibility and culture is a socio-political task of the utmost importance.

We operate as a mutual insurance association. We act on the basis of our statutory remit in the interests of our members and their beneficiaries.

It is our role to intervene in the event of an employer becoming insolvent, and we currently secure the old-age occupational pensions of 13.8 million people.

By working in a focused manner and in a spirit of partnership, we achieve a high level of satisfaction among our members and those who are entitled to benefits.

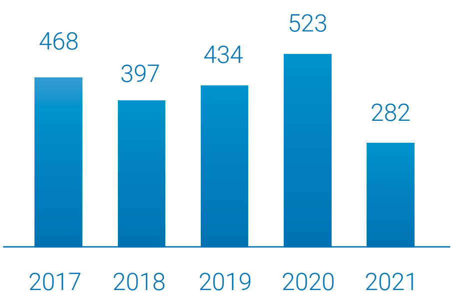
Figures for the 2021 financial year

	2021	2020
Membership	**99,400**	95,000
Contribution assessment base	**€ 368 billion**	€ 354 billion
Contribution rate	**0.6‰**	4.2‰
Total contributions	**€ 242 million**	€ 1,487 million
Insurable cases	**282**	523
Claim volume	**€ 725 million**	€ 1,591 million
Registered beneficiaries	**4,900**	18,900
Registered persons with entitlement to benefits	**9,500**	33,100
Compensation fund	**€ 3.3 billion**	€ 3.2 billion
Total assets	**€ 8.2 billion**	€ 8.3 billion
Employees	**275**	260

The use of non-discriminatory language is important to us. Equal rights are integral to and embraced within our everyday activity. It is equally important to us, however, that the language we use is easy to understand.

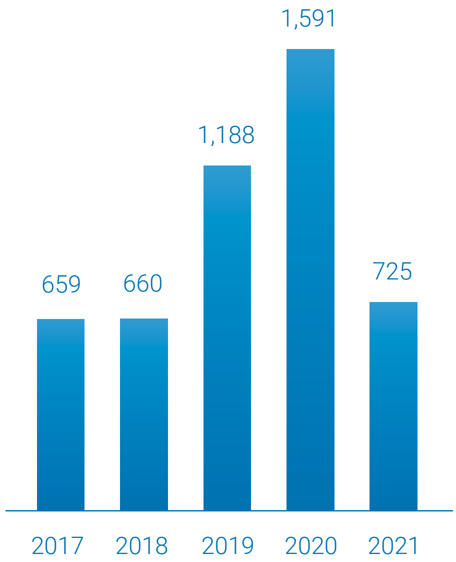
We therefore use gender-neutral language as far as possible. All references to employees in this Annual Report refer to staff of all genders.

No. of insurable cases



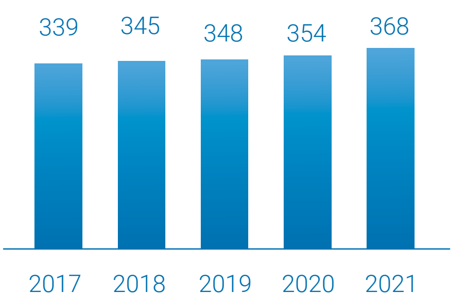
−46%
compared with 2020

Claim volume in € millions



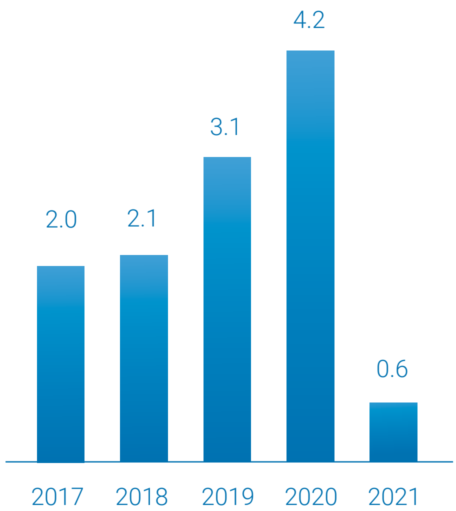
−54%
compared with 2020

Contribution assessment base in € billions



+4%
compared with 2020

Contribution rate in ‰



−86%
compared with 2020

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Corporate Management

Letter from the Board of Management

Ladies and gentlemen

The coronavirus pandemic continued to have a major social and economic impact in Germany in 2021. Insolvency claims, however, were significantly down, as also experienced by the PSVaG. The number of insolvencies in Germany fell by 46%, the volume of claims by 54% and the number of beneficiaries by as much as 72%.

Insolvency activity was still moderate during the first half of 2021. Compared with the previous year, claims were down by around 40%. Against this background and taking account of the uncertainty around the future development of claims, we informed our members in June 2021 that we were expecting the contribution rate to be lower than the long-term average of 2.8 per thousand. In November we were in fact able to set the rate at 0.6 per thousand. Key factors were the very favourable development in insolvencies relevant to the PSVaG and thus the volume of claims. It is the lowest contribution rate since 2016 and one of the lowest since the PSVaG was first established, also made possible by the reversal of the previous year's provision for rebates.

The trend in insolvency activity was confirmed in the fourth quarter. Meanwhile, the capital markets also performed considerably more positively than anticipated. Some of the insolvencies that were filed in the final quarter of the year had not been instigated by the end of 2021, with the result that € 182 million could be allocated to the provision for rebates. This will have a direct impact on the 2022 contribution rate, helping to keep it low. We are, however, assuming that the factors that enabled us to set the contribution rate at an exceptionally low level last year will not be repeated on the same scale in 2022.

We continue to monitor interest rates with concern. For our members and the PSVaG itself, low interest rates mean higher levels of provisioning and/or higher contributions in order to fulfil pension obligations. Despite the high level of new public borrowing in 2021, the current yield remains low (–0.28%). This will once again affect investments in 2022 due to lower interest rates for new investments, and we expect interest income, which is already at a low level, to continue to wane. Due to the moderate level of claims activity, the liquid assets that had been parked primarily in accounts were significantly reduced in the course of the reporting year. Negative interest rates on account balances and negative yields on short-term investments are set to continue.

With effect from 2021, *Pensionskasse* commitments are now also subject to compulsory reporting and contributions. This change in the legislation has resulted in the PSVaG guaranteeing approximately 2.3 million more pension commitments on the part of some 12,000 employers. However, the PSVaG does not guarantee all commitments relating to *Pensionskasse* schemes. Excluded from insolvency insurance are commitments in relation to *Pensionskassen* that are covered by another guarantee system, i.e. that are members of Protektor, the statutory guarantee fund. Also excluded are commitments via *Pensionskassen* that are organised as joint institutions of the collective bargaining parties or implemented via public-sector supplementary pension institutions. The contribution rate for obligations resulting from *Pensionskassen* commitments for the year 2021 is set by law and is 3 per thousand. This levy is designed to contribute to the financing of the compensation fund based on solidarity among all members.

The number of members of the PSVaG grew from 95,000 to 99,400 in 2021, above all as a result of the new cover for pension commitments via *Pensionskassen*. A large proportion of employers with *Pensionskasse* commitments use several different schemes for occupational pension provision and were therefore already members of the PSVaG. At the end of 2021, the PSVaG was guaranteeing a major part of private-sector occupational pension provision in Germany, encompassing 13.8 million pension commitments.

The financing procedure for vested rights, which was switched to a funded procedure in 2006, was completed on 31 March 2021 with payment of the final annual instalment. This means that our members will be relieved of this burden in future, and the insured entitlements with a current volume of around € 4 billion are now also financed.

Various projects and measures were launched or continued in 2021 with the aim of offering our members and beneficiaries a good and competent service. Notably, we are continuing to work on the digitalisation of our business processes, ensuring that the statutory mandate is designed to be secure, efficient and customer-oriented through the digital exchange of data and continued standardisation and automation. With our newly established benefits service, we aim to ensure that beneficiaries have easy access to our advice, delivered with a high level of customer service. In conjunction with our digitalisation activities, we have also introduced measures to secure the long-term performance of the PSVaG. This involves the necessary overhaul of our information system PSV-IS, developed in-house, which is used to manage our core member administration and benefit management processes.

In the second quarter of 2021, the PSVaG completed its planned move to a modern office building in Gremberghoven, Cologne. This new base meets the growing requirements being made of office premises with regard to technical specifications and air conditioning.

As far as Covid-19 is concerned, we have developed our own contingency plans in addition to implementing the mitigations required by law. We have given our employees greater flexibility in the organisation of their working time, ensuring in particular that the organisational and technical requirements for mobile working are in place. From our perspective, the PSVaG has come through the pandemic well to date, and the measures that we have taken have consistently enabled us to continue our services.

Our employees are hugely committed to fulfilling the role of the PSVaG, and we would like to express our sincere thanks to them for their excellent and successful work.

Cologne, 3 March 2022

Dr. Marko Brambach **Dr. Benedikt Köster**

Supervisory Board

Ingo Kramer
Chairman, since 29 June 2021
Partner, J. Heinr. Kramer Group,
Bremerhaven,
Honorary President, Confederation of
German Employer Organisations (BDA), Berlin
Member since 18 February 2021

Prof. Dr. sc. techn. Dieter Hundt
Chairman, until 29 June 2021
Honorary Chairman, since 29 June 2021
Chairman of the Supervisory Board,
Allgaier Werke GmbH, Uhingen
Honorary President, Confederation of German
Employer Organisations (BDA), Berlin
Member from 29 May 2005 until 29 June 2021

Jörg Asmussen
Deputy Chairman, since 29 June 2021
CEO and executive member of the Executive Board
of the German Insurance Association (GDV), Berlin
Member since 29 June 2021

Dr. Jörg Freiherr Frank von Fürstenwerth
Deputy Chairman, until 29 June 2021
Lawyer, Berlin
Member from 7 June 2006 until 29 June 2021

Dr. Rudolf Muhr
Deputy Chairman
Chairman of the Advisory Board of Muhr und
Bender KG, Attendorn
Member since 7 July 2006

Claudia Andersch
Chair of the Board, R+V Kranken-
versicherung AG, R+V Lebensversicherung AG,
R+V Lebensversicherung a.G.,
R+V Pensionsversicherung a.G., Wiesbaden
Member since 6 August 2019

Klaus Bräunig
Lawyer, Berlin
Member since 27 June 2001

Dr. Gerhard F. Braun
Chairman of the Advisory Board, Heger Gruppe,
Enkenbach-Alsenborn
President of the Rhineland-Palatinate Regional
Association of Organisations of Entrepreneurs,
Mainz
Member since 7 July 2006

Brigitte Faust
Business graduate, Munich
Member since 3 July 2013

Dr. Reinhard Göhner
Lawyer, Kirchlengern
Member since 1 July 2014

Alexander Gunkel
Member, Executive Board of the Confederation of
German Employer Organisations (BDA), Berlin
Member since 7 July 2006

Janina Kugel
Managing Director, Kugel & Associates GmbH,
Berlin
Member since 7 July 2016

Richard Nicka, since 29 June 2021
Vice President Pension Fund, BASF SE,
Ludwigshafen
Member since 29 June 2021

Dr. Andreas Wimmer
Chairman of the Board,
Allianz Lebensversicherungs-AG, Stuttgart
Member since 7 July 2016

Management Report

Basic principles of the PSVaG

Object of the insurance

The Pensions-Sicherungs-Verein Versicherungsverein auf Gegenseitigkeit (PSVaG) is the statutory agency providing insolvency protection for occupational pension schemes. Its purpose is to guarantee occupational pensions in the event of an employer becoming insolvent in the Federal Republic of Germany or the Grand Duchy of Luxembourg. This role is based on the Fourth Section of the Act for the Improvement of Occupational Old-age Pensions (BetrAVG).

The insolvency insurance covers those schemes where the fulfilment of acquired claims to an occupational pension is jeopardised by the employer becoming insolvent. Such schemes comprise:

1. direct pension commitments

2. Indirect pension commitments through

a) direct pension insurance plans – only in the case of revocable rights or irrevocable entitlements if these have been assigned, presented as security or pledged,

b) pension relief funds,

c) pension funds,

d) *Pensionskassen*.

In 2020, the German legislator added insolvency protection for occupational pension claims acquired via *Pensionskassen* to the scope of the Occupational Pensions Act. Excluded from insolvency insurance are commitments in relation to *Pensionskassen* that are covered by another guarantee system, i.e. that are members of Protektor, the statutory guarantee fund. Also excluded are commitments via *Pensionskassen* that are organised as joint institutions of the collective bargaining parties or implemented via public-sector supplementary pension institutions.

For insurable cases relating to employers from 2022 onwards, the PSVaG will provide insolvency protection in the amount of the employer's statutory commitment within the framework of the Occupational Pensions Act. The employers concerned will pay insolvency insurance contributions from 2021 onwards. Their first contribution in particular will be used to finance the compensation fund for the new risks being taken on by the PSVaG.

The PSVaG also handles cases in which the insurable case occurred at the employer with *Pensionskasse* commitments before the year 2022. The PSVaG is obliged to step in if a *Pensionskasse* reduces or has reduced the benefits paid to pensioners by more than half, or if the former employee's income falls or has already fallen below the at-risk-of-poverty threshold determined by Eurostat for Germany due to such a reduction. With these provisions, the Occupational Pensions Act has been amended to include the minimum level of protection required by the European Court of Justice in the event of employer insolvency and the existence of commitments via a *Pensionskasse*. However, the PSVaG has not received any contributions from the employers concerned for this minimum level of protection. Consequently, the costs incurred by the PSVaG in this respect are borne by the Federal Government. Two cases were reported to the PSVaG in 2021 where it was subsequently determined that the conditions for payment on the part of the PSVaG were not met.

On the basis of a General Agreement (Section 8, para. 1 of BetrAVG in conjunction with Section 2, para. 2 of its Articles of Association), the PSVaG insures old-age pension obligations assumed as a result of an employer becoming insolvent with a consortium currently numbering 47 life insurance undertakings. The executive insurer of the Consortium for the PSVaG is Allianz Lebensversicherungs-AG, Stuttgart.

Source of funds, financing procedure

The funds used to cover insolvency insurance claims are raised pursuant to Section 10 of BetrAVG in the form of statutory contributions from those employers who provide occupational old-age pensions through the schemes subject to compulsory insolvency insurance referred to above.
The contributions must be sufficient to cover:

- the present value of claims to insolvency insurance benefits that arise during the current calendar year (base accounting interest rate pursuant to Section 235, para. 1 no. 4 of the Insurance Supervision Act – VAG),
- the difference between the present value of the entitlements to benefits forming the subject of claims due to insolvency cases at the end of the calendar year and the equivalent present value at the end of the previous year,
- administrative and other costs
- payments made into a compensation fund designated by the German Federal Financial Supervisory Authority (BaFin), and
- payments into a loss reserve account pursuant to Section 193 of VAG.

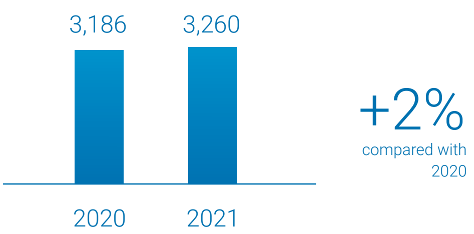
The required levels of contributions are calculated during the last quarter of the year and apportioned to all of the employers who are subject to compulsory contributions. A characteristic feature of this process is the fact that the contribution rates reflect differences in claim volumes from one year to the next.

Dealing with contribution peaks

Contribution peaks may be alleviated by making use of the compensation fund and/or by applying a smoothing method. In the event of a high volume of claims, the compensation fund may be used with the consent of BaFin to reduce the contribution rate. The smoothing process may be used to distribute the annual contributions required over the current and up to four subsequent calendar years. This option has only been used once to date, in 2009, while the compensation fund has been used four times.

With regard to the compensation fund, as required by the PSVaG's Articles of Association, BaFin has stipulated that allocations must be made to the fund at least until a target of 9‰ of the contribution assessment base has been reached pursuant to Section 10, para. 2 of BetrAVG. This allocation is carried out anti-cyclically in that the higher the claim expenses, the lower the allocation. As at the 2021 year-end, the target level for the compensation fund was € 3,260 million, which was reached by allocating an amount of € 74 million.

Size of compensation fund in € millions



Supervision by BaFin

In its capacity as a mutual insurance association, the PSVaG is subject to supervision by the German Federal Financial Supervisory Authority (BaFin).

The 2021 financial year

Overview of the financial year

The number of company insolvencies in Germany fell further in 2021, down by 11%. Following a rise of 16% in insolvencies among PSVaG members during the previous year, the number of cases actually decreased by 46% in 2021. The insolvency rate for our members, at 3.0‰ in 2021, is at its lowest in the history of the PSVaG.

Over the course of the 2021 financial year the development in claims was lower than we had expected at the start of the year. Our income as defined in Section 9 of BetrAVG was also higher than forecast. In contrast, the investment result and dividends from the Consortium were, as expected, down on the previous year. Administrative costs grew year-on-year as anticipated, primarily due to insolvency cover for *Pensionskasse* commitments. With regard to these commitments, a large proportion of the originally expected employers already complied with their insolvency insurance reporting obligation in 2021.

Back in June 2021 we had informed our members that a contribution rate below the long-term average of 2.8‰ was likely. In November we were in fact able to set the rate at 0.6‰. This is the lowest rate since 2016. The contribution rate was positively influenced in particular by the very favourable development in insolvencies affecting the PSVaG and thus the claims volume, as well as by the significant reversal of the provision for rebates from the previous year in the amount of € 359 million.

We successfully transferred occupational pension schemes back to employers that continued operations after insolvency, making a full transfer in 17 cases and a partial transfer in six further cases. This saved our members tens of millions of euros.

The PSVaG continued to implement a range of projects during the 2021 financial year. These included technical digitalisation projects, other non-technical projects and measures needed to implement new regulatory requirements.

The PSVaG moved into new, modern office premises in Gremberghoven, Cologne in the second quarter of 2021.

Required contribution level

The required contribution level totalling € 242 million for 2021 consists of two items. The higher portion of € 216 million is based on the required contribution rate of 0.6‰ and the reported contribution assessment base of € 360 billion. This excludes the reported contribution assessment base for pension commitments via *Pensionskassen*, for which the contribution rate for 2021 was set by law at 3‰. With a reported contribution assessment base of € 8.7 billion for these commitments, this gives a second portion of € 26 million, which is used for the pro rata financing of the compensation fund.

The contribution rate of 0.6‰ is one of the lowest levies in the history of the PSVaG. The 10-year average is 2.1‰, with an average of 2.7‰ over the PSVaG's entire 47-year history.

Annual Financial Statements

The Annual Financial Statements for the 2021 financial year have been prepared in accordance with the German Ordinance on Insurance Accounting (RechVersV). In line with the PSVaG's Articles of Association, € 8 million was allocated to the loss reserve. This means that the loss reserve has reached its target level.

The income statement automatically shows a negative technical result. However, this is offset by the non-technical positions.

Our largest income item was members' contributions. Income as defined in Section 9 of BetrAVG, the dividends from the Consortium and capital income, which totalled € 480 million, helped to greatly reduce the required volume of contributions, to € 216 million. The individual items are explained in further detail in the "Our services" and "Capital investments" sections.

The calculation of contributions carried out in October 2021 reflected anticipated developments for the full 2021 year based on the development up until that point. As is the case every year, it was necessary to include estimates and extrapolations for the final months to the year-end.

The 2021 financial statements show a better overall financial situation than was anticipated when the contributions were being calculated as some major claims that had already been submitted in 2021 were not realised until 2022, and a considerably better investment result was also recorded. Consequently, € 182 million was allocated to the provision for contribution rebates. This amount will reduce the level of contributions for 2022. Overall, due to the system, the annual financial statements show a balanced result.

The allocation of € 74 million to the compensation fund resulted in the target of 9‰ of the contribution assessment base being achieved.

Members' meeting

At the members' meeting held on 29 June 2021 in Cologne and chaired by the Chairman of the Supervisory Board, the actions of the Board of Management and Supervisory Board were ratified and changes to the Articles of Association adopted. The members of the Supervisory Board were elected for a new term. Jörg Asmussen and Richard Nicka were newly elected, while Prof. Dr. Hundt and Dr. von Fürstenwerth are no longer members of the Supervisory Board. Ingo Kramer was elected as the Chairman of the Supervisory Board at the latter's subsequent meeting.

The members' meeting was held virtually in line with the PSVaG's Covid-19 mitigations.

Our services

Insolvencies

The general level of insolvencies in the German economy remained low in 2021, due in part to action taken by the Federal Government to mitigate the economic impact of the pandemic and the flooding in the Ahr Valley. The number of insolvencies fell further to 14,300 corporate insolvencies, a drop of 11% compared with the previous year. The number of employees affected by insolvencies was also down, by around 57% to 143,000 people. Creditreform estimates the value of creditors' claims in 2021 to be € 54 billion, compared with € 43 billion in 2020.

After the 16% increase in insolvency proceedings affecting the PSVaG in 2020, the number of cases fell by 46% in 2021, the number of beneficiaries by 72% and the claims expenditure by 54% on a year-on-year basis. Above all, there were only 11 major claims in the 2021 financial year (previous year: 39), which also resulted in only a moderate level of claims expenses.

Overview of insolvencies

Year of insolvency	**2021**	**2020**[1]
Total insurable cases[2]	**282**	523
of which out-of-court settlements	**0**	3
Beneficiaries (entitled) and pensioners[3]	**14,400**	52,000

[1] The changes in the figures compared with the figures quoted in the 2020 Annual Report are due to the subsequent reporting of additional insolvencies occurring in the 2021 financial year and to the ongoing updating of information based on the subsequent receipt of reports on individual insolvencies containing more precise data.

[2] Including cases where insolvency is rejected due to a lack of assets and cases of complete termination of operations where bankruptcy proceedings are not considered due to an obvious lack of assets.

[3] Including retransfers in the context of an insolvency plan and rejected cases.

Insured entitlements and insured pensioners

The PSVaG insures benefits (entitlements) that are not yet due, makes capital payments and pays settlements to persons entitled to benefits, and insures pensions that have fallen due, thereby discharging the debt, with a consortium of currently 47 life insurers.

The number of insured beneficiaries (entitled) rose by 3% while the number of pensioners fell by 3%.

Beneficiaries

	Beneficiaries (entitled)	**Pensioners**
As at 31 Dec. 2020	218,900	478,200
New additions due to insolvencies in 2021	9,500	4,900
Other additions	14,900	9,400
Exits	17,100	28,500
As at 31 Dec. 2021	226,200	464,000
of which insured with the Consortium		458,000

"Other additions" of pensioners and "Exits" of beneficiaries (entitled) include 7,100 beneficiaries who were insured with the Consortium in 2021 due to them drawing a pension for the first time. "Exits" of beneficiaries (entitled) also include one-off payments, settlements, retransfers and rejected cases. Decreases in the number of pensioners are generally due to a pension no longer being drawn following the death of the beneficiary.

Number of processed and outstanding cases

During the financial year the PSVaG conclusively audited the basis for and amount of any benefit obligation for 26,600 beneficiaries (entitled) and pensioners, while also increasing the current pension already being paid due to an insolvency-protected adjustment clause or providing follow-up insurance for other reasons in a total of 14,200 cases. In 2021 there were 31,200 beneficiaries who received benefits directly from the PSVaG or who had new insurance cover taken out with the Consortium or their cover increased.

In order to minimise interruptions in benefit payments upon insolvency, highest priority is given to the timely processing of pension claims once the insolvency is reported. This means that the PSVaG frequently begins its process before the insolvency proceedings have officially begun.

The following table provides details of the number of outstanding cases and how these have progressed:

Outstanding cases

	Beneficiaries (entitled)	Pensioners[1]
As at 31 Dec. 2020	43,500	6,200
Additions	15,300	16,600
Exits due to processing	9,300	17,300
Exits due to other form of settlement	5,000	1,100
As at 31 Dec. 2021	44,500	4,400

[1] Pensioners on occurrence of claim and conversions; excluding dynamic increases

Benefits paid

In 2021 the PSVaG paid out direct benefits to beneficiaries totalling € 61 million. The Consortium paid out an additional € 922 million.

Claim volume

The total claim volume was € 725 million and corresponds to the expenditure for insurance benefits as reported in the Income Statement. Of this amount, approximately € 163 million is attributable to the modified biometric assumptions (longevity) in relation to the beneficiaries.

The PSVaG's involvement in insolvency proceedings

The PSVaG is regularly one of the largest creditors in insolvency proceedings due to the statutory subrogation of claims from the occupational pension provision that it insures. In economically significant cases, it is therefore involved in the work of the creditor representation body established by law (General Creditor Assembly and, where applicable, the Creditor Committee). The resulting close cooperation with insolvency executors and trustees is also conducive to the fulfilment of the tasks for which the PSVaG is responsible.

The PSVaG posted income of € 193 million in 2021 from insolvency quota payments, transferred relief fund assets and other claims.

In 2021, the PSVaG was able to agree a transfer back to the employer by means of 23 insolvency plan procedures affecting 2,500 beneficiaries, thereby avoiding expenses of € 40 million.

Dividends from the Consortium

With regard to insurance agreements concluded in the past, the Consortium transferred dividends of € 201 million including interest to the PSVaG in 2021 for the 2020 financial year. This was posted to income in 2021.

Pension expenses for future claims

In order to reduce contributions for 2022, € 182 million was allocated to the provision for rebates. € 74 million was transferred to the compensation fund with € 8 million allocated to the loss reserve.

Administrative and other costs

As well as the costs relating to the processing of benefits, administrative and other costs also include expenses in connection with membership administration, participation in insolvency proceedings and overall operations. The increase in staffing levels to cope with the provision of insolvency insurance for *Pensionskasse* commitments, together with the rise in negative interest rates on account balances, has pushed up costs to € 39 million.

PSVaG's provisions

To cover its obligation arising up until 31 December 2021, the PSVaG allocated a total of € 4.4 billion to the provision for outstanding insurance claims. This provision contains the present value of the projected benefit obligation pursuant to Section 10, para. 2 of BetrAVG, which is € 4.0 billion. This present value was calculated using the 2018 G Heubeck guide tables and the statutory base accounting interest rates. Based on our own observations, the mortality probabilities used in the guide tables were permanently reduced by 18% for the first time.

The interest rate on which the calculation of entitlement is based is stipulated by law and depends on the year of insolvency.

Present value of the insured entitlements in € millions by year of insolvency

Year of insolvency	Base accounting interest rate	Present value
up to 2006	3.67%	588
2007 – 2011	3.00%	985
2012 – 2014	2.33%	589
2015 – 2016	1.67%	288
2017 – 2021	1.20%	1,581
Total		**4,031**

The average interest rate for the insured entitlements, weighted according to present value, is 2.20%.

A total of € 3.6 billion has been allocated to the provision for rebates, compensation fund and loss reserve.

The Consortium's provisions

As at December 2021, the Consortium had created provisions in the anticipated amount of € 12.5 billion for the insurance agreements concluded by the PSVaG. We expect the insurers to continue to generate dividends on these provisions over the coming years, which will be paid out to the PSVaG and help to reduce the future level of membership contributions.

Our membership

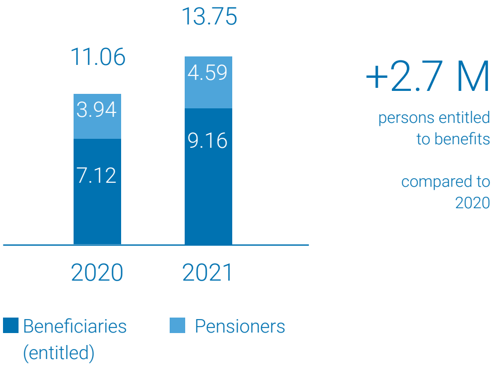
Number of members

The PSVaG had 99,400 members as at 31 December 2021, an increase of 4,400 compared with the previous year. This rise is the net result of 7,000 new memberships and the termination of 2,600 memberships. New memberships arose as a result of the new reporting obligation for pension commitments via *Pensionskassen* applicable since 1 January 2021, but also as a result of pension entitlements becoming vested, the payment of a pension for the first time, and company splits or spin-offs. Memberships ended on account of mergers and insolvencies, and in cases in which all of the benefit obligations had been fulfilled or had expired.

Number of persons entitled to benefits covered by insolvency insurance

There were 13.75 million persons with entitlement to benefits reported by our members in 2021, an increase of 2.7 million compared with the previous year. Of this increase, as much as 2.3 million was the result of the PSVaG taking over insolvency insurance for the pension commitments of *Pensionskassen* in 2021. It is possible that employees who received several pension commitments through multiple schemes or from more than one employer have been counted more than once in the figures.

Persons entitled to benefits and covered by insolvency insurance in millions



Breakdown of the contribution assessment bases

The breakdown of the total contribution assessment base by type of scheme over a ten-year period, i.e. for the years 2011 (totalling € 295 billion) and 2021 (totalling € 368 billion), shows a slight fall in direct pension commitments and relief fund commitments. *Pensionskasse* commitments have only been subject to insolvency insurance since 2021.

Shares of the individual pension schemes in %

	2021	2011
Direct pension commitments	**85.6**	86.9
Pension relief fund commitments	**10.6**	11.8
Pensionskasse commitments	**2.4**	
Pension fund commitments	**1.3**	1.2
Revocable direct policies or direct policies presented as security	**0.1**	0.1

Stratification of contribution assessment bases

The membership of the PSVaG remains very heterogeneous. More than half of the member companies report a contribution assessment base of below € 100,000. Overall, this layer of the membership pays 0.4% of total contributions. In contrast, the 5.5% of our members with the highest reported contribution assessment bases pay more than 90% of all membership contributions.

Breakdown of membership by size category

Contribution assessment base in € millions	Percentage of members	Percentage of total contribution assessment base
up to 0.1	61.8	0.4
0.1 – 0.5	18.6	1.1
0.5 – 1.0	5.7	1.00
1.0 – 5.0	8.4	4.9
more than 5.0	5.5	92.6

Retroactive financing of “old claims” through one-off contributions

Beginning in 2007, “old claims” of € 2.2 billion have been financed retroactively through a one-off contribution. These claims relate to non-forfeitable entitlements from insolvencies up to and including 2005 that were insurable but had not yet been financed. This one-off contribution, set at rate of 8.66‰, was payable in 15 equal annual payments with instalments due on 31 March of each year from 2007 to 2021. There was also the option of voluntarily paying all future instalments early as one lump sum.

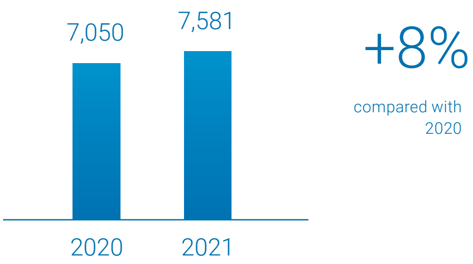
The final instalment of € 63.9 million was due and paid on 31 March 2021, concluding the retroactive financing process for these old claims.

Capital investments

Market and portfolio performance

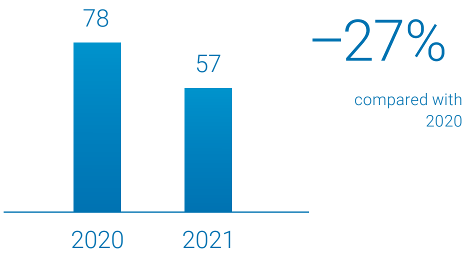
The ongoing pandemic and rising inflation dominated the capital markets in 2021. While most stock markets were able to post pleasing gains, the year was less positive on the bond markets as interest rates moved upwards. The resulting losses in market values were more than offset by the contrasting performance of equities, with the result that the PSVaG's investments achieved a slightly positive time-weighted performance of +0.4%. The net return was +0.8%.

Book value of capital investments in € millions



The book value of capital investments rose by € 530.9 million to total € 7,581.0 million (previous year: € 7,050.0 million). The increase can be attributed in equal part to investments in funds and the direct portfolio to the detriment of money market investments and account balances. All investments measured at amortised cost were valued according to the strict principle of the lower of cost or market. Registered bonds, promissory notes and bank deposits were reported at their nominal value in the balance sheet. The alleviated principle of valuation at the lower of cost or market, which may be used as a discretionary practice, was not applied.

Income from capital investments in € millions

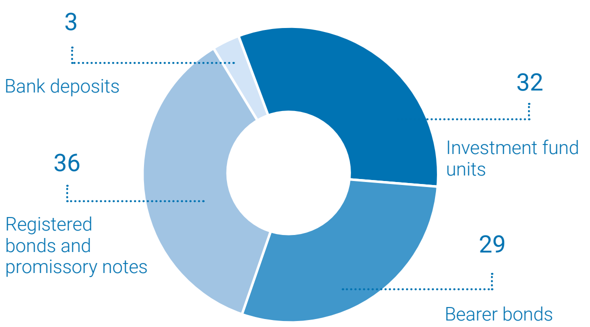


Net income from investments totalled € 57.2 million (previous year: € 78.1 million). This includes value adjustments of € 21.7 million and fund dividends of € 28.7 million, which more or less corresponds to the ordinary income for the year. The significant fall in the result is mainly due to the higher write-downs due to interest rates compared with the previous year.

Capital investment structure

The PSVaG continues to pursue a conservative capital investment policy. Particularly with regard to the direct portfolio, and therefore in the case of bearer and registered bonds and promissory notes, issuers or issues with a high credit rating are always prioritised during investment decision-making. Investments in investment certificates relate predominantly to special funds (special alternative investment funds with fixed investment conditions), in which the PSVaG is the sole investor. Deposits at banks (mainly time deposits) are largely required for the settlement of claims in future years and have corresponding maturity dates.

Structure of capital investments in %



In total, the record amount of € 1,436.4 million (book value) was invested in bonds and time deposits for the direct portfolio during the reporting year. Accounting for three quarters of the total, long-term investments dominated. Securities and time deposits with a value of € 1,134.4 million were redeemed by the issuers as planned, with a further € 31.3 million being called by the issuers. Investments worth a further € 48.9 million were sold early for risk-related reasons. New investments in funds (excluding reinvested dividends) totalled € 505.0 million, of which € 255.0 million in the master fund. This resulted in a slightly higher share ratio. The investments in institutional retail money market funds of € 200.0 million that were still in place at the start of the year were completely scaled back. In 2021, a dedicated Luxembourg special fund was set up to invest in alternative investments (mainly private debt).

Investment strategy

Strategic asset allocation (SAA) forms the basis of investment management, and is regularly reviewed and updated. The focus is on a conservative risk/reward ratio. Capital investments are allocated on the basis of the time horizon for the corresponding obligations. Most investments are made in the direct portfolio, with an investment horizon of up to 15 years. The vast majority of the fund investments have a medium to long-term investment horizon, serving to diversify the capital investment portfolio and also to increase the return potential.

The specific maturities of the fixed-income securities acquired for the direct portfolio are obtained from the asset/liability management (ALM) calculations, which are based on the expected conversion dates for the entitlements (cash flow matching). The securities in question are generally held until they mature (buy and hold strategy). This minimises the need for premature selling and thus avoids the transaction costs and risks created by potential price losses if securities have to be sold off early. A limit system is in place to restrict the potential default risks. The direct portfolio exclusively comprises issues with an investment grade rating (average rating of A+), with the aim of diversification across different regions and issuers.

Sustainability

In order to reconcile the challenge of the sustainable transformation process of the real economy with the interests of the PSVaG members in the best possible way, we pay special attention to sustainability risks in relation to investment. These risks are “environmental, social or governance events or conditions, which if they occur have or may potentially have significant negative impacts on the assets, financial and earnings situation, or reputation of a supervised entity” (as quoted in BaFin’s Guidance Notice on Dealing with Sustainability Risks, December 2019).

With this in mind, the PSVaG further developed its sustainability approach to investing during the reporting year, and the measures derived during this process are being successively implemented.

Since 2019, ESG (environmental, social and governance) factors have been increasingly integrated into investment decision-making and risk management whenever we select issuers and issues for the direct portfolio. We have developed an ESG benchmark to manage ESG quality in the direct portfolio. The main objective is to identify and avoid sustainability-related risks ("stranded assets") at an early stage while taking advantage of opportunities as they arise. The introduction of the ESG benchmark has enabled the PSVaG to build on and refine its existing tools.

With regard to indirect investments, we ensure that sustainability criteria are sensibly integrated into the actively pursued investment strategy in each case. All asset managers commissioned by us have signed the UN Principles for Responsible Investment (UNPRI) and report the corresponding ESG and greenhouse gas information for their mandates.

Employees

There was a significant increase in the number of PSVaG staff in 2021, which was mainly attributable to the additional workload involved in providing insolvency protection for *Pensionskasse* commitments.

Number of employees

	2021	2020
Full-time	**181**	172
Part-time	**73**	71
Suspended employment[1]	**21**	17
Total	**275**	260
Effective no. of employees	**230.7**	218.5
Average no. of employees	**270.4**	256.4

[1] Employees in the passive phase of semi-retirement, on parental leave or long-term sick leave.

Risk report

Fundamentals of risk management

The PSVaG follows an integrated approach to risk management. This is founded on the legal provisions of Sections 23 and 26 of the Insurance Supervision Act (VAG) and on supervisory rules, particularly Circular R 01/2020 of the Federal Financial Supervisory Authority (BaFin) setting out the minimum requirements for the commercial organisation of small insurance undertakings as defined in Section 211 of VAG. Pursuant to Section 91, para. 2 of the Joint Stock Companies Act (AktG), the Board of Management is also obliged to "implement appropriate measures, particularly a monitoring system, to ensure than any developments that could endanger the company's continued existence are detected at an early stage". By presenting this report, the PSVaG is meeting its obligation to report on the essential risks associated with its anticipated development (Section 289, para. 1 of the German Commercial Code, HGB).

Risk management system

The PSVaG has provided detailed descriptions of its commercial and risk strategy, its structures and workflows, and its risk management system in the form of a risk manual. It is the heads of department who are responsible for identifying and assessing risk, with each individual risk that is identified being documented in a separate risk description. The risk manual, as the central pillar of risk management, is updated at least once per year. The heads of department are also responsible for proposing ways of minimising risk and for implementing appropriate risk control measures. Those risks that have been identified and evaluated in advance by the risk managers are discussed and assessed by the Board of Management and heads of department at regular meetings. Additionally, a risk inventory is drawn up quarterly in order to record and assess all of the risks that could impact on the PSVaG. It is therefore the Board of Management that holds responsibility for overall risk management and that ultimately must define the PSVaG's commercial and risk strategy.

The PSVaG also has a compliance coordinator who provides support with proper business organisation, thereby guaranteeing compliance with statutory and regulatory requirements. Potential compliance risks or risks of legal change in relation to compliance with or the implementation of laws, legal provisions, regulatory requirements or ethical/moral standards, as well as internal rules and regulations, are monitored on an ongoing basis.

In order to achieve its security goals in terms of information risk management, the PSVaG maintains an information security management system and has its own information security officer. Additionally, the PSVaG has set up an internal control system (ICS) for the systematic identification of operational risks and incorporation of control measures.

A modern and effective investment risk management system allows for the early detection and management of risk associated with future development. The PSVaG complies with both the regulatory requirements and its own more restrictive internal rules on risk management.

Investments are used to fulfil pension obligations and to cover the compensation fund with the aim of securing the liquid assets needed to settle claims on time and reducing contribution peaks. Consequently, it is crucially important that the assets can be liquidated and that they retain their value. The investments are therefore conservatively geared towards the obligations. Management of the investments takes account of the asset/liability management stipulations in the strategic asset allocation, which is reviewed regularly and at least once per year, and adjusted where necessary.

The Board of Management and Supervisory Board are briefed monthly/quarterly on the current risk situation by the Risk Controlling department. The responsible board member is briefly weekly. In the event of any new risks or a significant change in the risk situation, the Board of Management is updated on an ad hoc basis.

Risks of future development

Actuarial practice

The financing procedure forms the central pillar of insolvency protection for occupational pension schemes. The contribution-based system basically excludes any actuarial risks. No individual equivalence principle is applied when setting the contribution level. Every member pays the proportion of claim expenses for a financial year that corresponds to the amount of that member's own occupational pension provision as a proportion of the total occupational pension provision reported under the solvency scheme.

Furthermore, the financing procedure means that other risks are also easier to control as it is not just claim expenses that are taken into account when setting the contribution rate but rather all operational expenses not covered by other forms of income. Specifically, this means: the total contributions for a given financial year correspond to the balance of all income and expense items for that same financial year. Higher income, from investments for example, reduces the level of contributions due from our members. Conversely, any expenses, in the event of investments having to be written down for example, push up the level of contributions.

The contribution calculation involves determining the contribution rate for the members by means of which balanced annual financial statements can be prepared at the financial year-end. It is based on the total income earned and expenses incurred up to the date of the calculation plus an extrapolated figure for the period until the year-end. The calculation system used is basically the same system that has been in place since the PSVaG was first created, and it has a proven track record. There is still the risk, however, that the assumptions used when setting the contribution rate could turn out to be incorrect. They could be higher or lower than the financing requirement for the financial year. This is why the calculation system is constantly being reviewed and updated in order to avoid any shortfall.

Capital investments

The essential risks relating to investments comprise:

- Market risk (unfavourable interest rate, price or exchange rate developments)
- Default risk (credit rating risk)
- Concentration risk (risk of strongly correlating risks that increase default risk)
- Liquidity risk

Such risks are countered by ensuring that the composition of the assets and the investment process comply with the investment rules defined in the VAG and, additionally, are governed by comprehensive internal investment guidelines and limits.

In order to evaluate concentration risk, the PSVaG has defined the following categories:

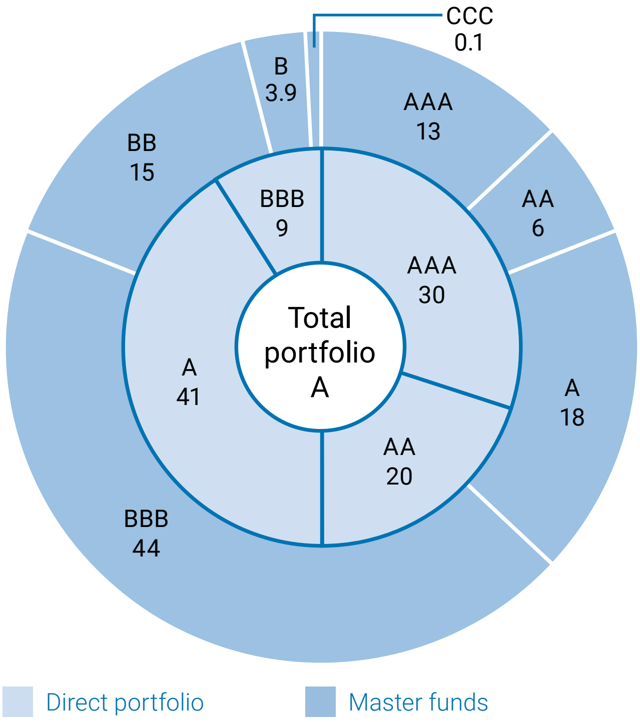
Direct portfolio according to debtor category in %

	2021
Companies	32.1
Savings banks and regional banks	25.7
Volksbanks and Raiffeisenbanks	14.4
Private banks	11.1
Development and investment banks	6.5
Federal Länder and foreign regions	4.4
Local authorities	3.3
Public-law corporations and institutions	1.9
State	0.5

A new sector limit system was introduced in 2021 so that concentration risks can be precisely controlled.

As a result of the high level of investment in fixed-income papers, the investment portfolio is subject to the risk of changing interest rates. The interest rate sensitivity (modified duration) of the investments is 4.83%. The concentration of market risks is reduced by mixing and diversifying the investments. Exposure to individual issuers is limited by means of a system of limits and threshold values. No issuers account for exposure of more than 5% of the total amount of all investments. The selection of individual stocks is always based in the first instance on good issuer quality. Issuers in the direct portfolio are reviewed on an ongoing basis. New investments in the direct portfolio all have at least an investment grade rating, with an average rating of A+. The average rating in the master fund is BBB+. Overall, the average portfolio rating is A.

Breakdown of investment ratings in %



The PSVaG holds three special funds (special AIF with fixed investment conditions). While the master fund, taking account of the PSVaG's conservative risk profile, comprises reward-focused investments in riskier assets than the direct portfolio, investments in the liquidity fund are designed to be easily accessible over short maturities and subject only to minor price and default risks. The special funds are therefore used to achieve a more strongly diversified investment base. In order to counteract the declining coupon income in the direct portfolio, an equity dividend fund was launched in 2021 with a focus on high-dividend European securities. Also in the year under review, we set up a Luxembourg special fund to invest in alternative investments (mainly private debt). In addition to achieving higher returns, the special funds are also intended to create stronger diversification.

As well as identifying negative developments in the investments through the control and early warning system, the investment risk management approach described above supplies information on the investments for the purposes of ensuring our risk-bearing capacity.

Operational risks

The responsible departments control and monitor operational risks (e.g. in IT, processes, transactions, legal changes) and these risks are recorded in the internal control system (ICS). Contingency plans, access controls, and signature and authorisation rules reduce the likelihood of a risk occurring and lower the potential damage in the event that it does. Additionally, the PSVaG secures its IT infrastructure using the latest security tools, including firewalls and systems designed to detect malicious software. We carry out regular security testing of the external and internal infrastructure (penetration tests).

Electronic data processing is one of the main risk focuses. System availability in 2021 was in excess of 99.5%. The system for data backups means that business operations can be restored within a very short space of time even in the event of a total data loss. Data is held redundantly with physical separation and is organised in such a way that there is no possibility of a data loss impacting on the proper operation of business processes. The PSVaG has a hierarchical system of powers, duties and controls to protect against erroneous or malicious acts. Detailed organisational documents and appropriate technical measures are in place with regard to business processes. This system is always being developed further.

Based on its own assessment, the PSVaG fulfils the relevant regulatory requirements, particularly with regard to the Supervisory Requirements for IT in Insurance Undertakings (VAIT) and considers itself to be appropriately positioned in terms of risks and future requirements.

Potential compliance risks or risks of legal change in relation to compliance with or the implementation of laws, legal provisions, regulatory requirements or ethical/moral standards, as well as internal rules and regulations, are monitored on an ongoing basis.

The provision by the PSVaG of insolvency insurance for *Pensionskasse* commitments is a new addition to the Occupational Pensions Act. This primarily concerns insolvencies that occur from 1 January 2022 onwards. Minimum levels of protection apply to insolvencies that happened prior to that date.

The PSVaG is increasingly affected by a lack of skilled personnel, pushing up the costs associated with recruitment and professional development, and therefore resulting in higher administrative costs generally.

There is a general risk that legal decisions made in individual cases will also apply to other areas of the PSVaG where they might be overlooked. In order to avoid this risk, the latest court rulings are assessed for their wider applicability and regularly discussed between the individual departments and the legal department.

Large-scale claims generate a significant short-term increase in workload. Although the PSVaG reacts flexibly to peaks in its workload, there is the risk that it will become more difficult for it to fulfil its statutory remit properly and on time. The ongoing pandemic, for example, could still trigger an increase in insolvency figures or cause staff absences, thereby significantly increasing or creating problems in relation to the PSVaG's workload. In such a case, the PSVaG would be forced to extend the time taken for each case.

A consortium of 47 life insurers has entered into a commitment vis-à-vis the PSVaG to pay pension benefits in accordance with Section 8, para. 1 of BetrAVG. There is a risk that this consortium will only offer corresponding insurance contracts at economically unattractive conditions. This would force the PSVaG to take over the settlement itself or commission a service provider to do so, possibly at short notice.

Summary of the risk situation

Depending on the future course of the coronavirus pandemic, there could be an increase in the number of insolvencies and with it a considerable rise in the PSVaG's workload, not to mention a major negative impact on the capital markets, in turn triggering a higher contribution rate. There are no further significant changes to risks compared with the previous year. There were no developments detected that would jeopardise the PSVaG's continued existence.

Opportunities and aims for 2022

The PSVaG fulfils a statutory remit and does not pursue any economic objective. Opportunities can therefore only exist insofar as this remit can be performed better, in other words more quickly or favourably, or with a higher level of quality by the PSVaG.

The PSVaG continues to work intensively on the issue of digitalisation, striving to digitise its business processes through the ongoing standardisation and automation of its workflows. This is creating a foundation upon which the PSVaG can optimise its internal processes and organise them more efficiently. In turn, this means that the service provided to members, persons entitled to benefits and external partners can be improved. Digital communication has a key role to play in this regard. The use of the latest digital communication tools provides opportunities for better performance of the statutory remit. The PSVaG attempts to realise these opportunities by driving forward the digitalisation of communication internally but also externally in terms of its relationship with members, insolvency executors and beneficiaries.

The PSVaG can fulfil its remit more favourably if it makes optimal use of potential sources of income. This is why, after ensuring security and liquidity, achieving a return is an investment aim pursued by the PSVaG. Furthermore, the contribution burden on members is lower if the PSVaG is able to increase its income pursuant to Section 9 of BetrAVG. The increasing number of reorganisations within insolvency proceedings is one particular factor that is opening up opportunities in this regard. Firstly, ensuring a business remains a going concern will generally create economic value add for creditors compared with breaking that business up. The PSVaG therefore supports well-founded restructuring projects within the framework of its co-determination rights. Secondly, the PSVaG uses special statutory regulations in such proceedings to persuade insolvent companies to continue their occupational pension schemes. Ultimately, the burden of vested pension rights is reduced if reinsurance policies can be transferred in full discharge of debt in accordance with Section 8, para. 2 of BetrAVG.

The PSVaG strives to enforce its rights in insolvency cases. Where the legal situation is unclear, it seeks economically sound solutions or resolves issues through legal channels. This also helps to ease the burden on members. With regard to insolvency proceedings that have not yet been concluded, the PSVaG has asserted claims of approximately € 5.7 billion. Given that these proceedings are simple insolvency claims, only a small percentage can generally be expected to be paid.

Overall, the opportunities and targets for 2022 are likely to be less strongly impacted by the pandemic as the effects and consequences of Covid-19 now seem more manageable.

Forecast and outlook

The level of claims during the first few weeks of 2022 was on a par with the previous year. Some of the insolvencies filed in 2021 were not officially opened by the year-end, with the result that the previous year's provision for rebates covers these cases. It is not currently possible to provide a reliable forecast on future events, not least given the incalculable economic effects, and knock-on effects, of the pandemic. Generally, we expect claims to normalise in 2022. One negative factor will be the lowering of the maximum actuarial interest rate, which will push up contributions to the Consortium and result in an increase in the present value of the benefit obligation for new insolvencies. We are anticipating an additional burden of 15%.

Drawing a reliable conclusion about the volume and amount of claims based on general levels of insolvency is only possible to a limited extent, as demonstrated in recent years. The claims volume and thus also the required level of contributions depend heavily on whether any major claims arise.

Contributions from the provision for rebates (€ 182 million) will reduce contribution income in 2022. In contrast, however, we expect higher income from the Consortium dividends for the PSVaG, coupled with lower income as defined in Section 9 of BetrAVG than in the previous year.

The market environment remains a challenge as far as investments are concerned. We continue to expect prices and yields to fluctuate strongly in the coming year. Capital market interest rates have also moved upwards in line with rising inflation. A further increase is very likely. Our cash flow matching strategy will generally be maintained. The persistently low interest rate level, despite the recent hike, is reducing our interest income from the direct portfolio in particular due to the lower interest rates on new investment. In addition, further increases in interest rates may lead to renewed write-downs, which is why the investment result is expected to be comparable to the previous financial year.

A forecast regarding the development of the contribution rate for the current financial year is generally made in the middle of the year, with the member organisations being notified by means of a circular.

Operating expenses will be higher for the current year due to the upcoming collective bargaining agreements. This will only have a minimal impact on the contribution rate, however.

By taking advantage of the comparatively low volume of claims in earlier years, we have been able to build up the compensation fund over the past few years, reaching the target level (€ 3.3 billion). Consequently, it is likely that no further allocations will be needed.

It is still early to forecast the impact of the war in Ukraine on the economy and business cycle, but we cannot rule out the PSVaG being affected.

Cologne, 3 March 2022

Pensions-Sicherungs-Verein
Versicherungsverein auf Gegenseitigkeit
The Board of Management

Dr. Marko Brambach **Dr. Benedikt Köster**

Annual Financial Statements

Annual Balance Sheet as at 31 December 2021

Assets in €

	2021	2020
A. Intangible assets	561,659.33	205,090.17
B. Investments		
Other financial investments		
1. Shares, units or shares in investment funds, and other variable-yield securities	2,442,064,117.49	2,108,298,187.04
2. Bearer bonds and other fixed-income securities	2,188,855,774.85	1,817,220,171.83
3. Other loan receivables		
a) Registered bonds	1,636,000,000.00	1,575,000,000.00
b) Promissory notes and loans	1,097,553,945.97	1,003,507,405.53
4. Bank deposits	216,500,000.00	546,000,000.00
	7,580,973,838.31	**7,050,025,764.40**
C. Receivables		
I. Accounts receivable on direct written insurance business from policyholders	28,915,386.93	112,611,556.42
II. Other receivables	98,853.52	696,464.06
	29,014,240.45	**113,308,020.48**
D. Other assets		
I. Tangible assets and stocks (inventories)	4,812,564.19	2,378,957.92
II. Cash at bank in current accounts, cheques and cash in hand	461,620,474.17	1,058,512,038.92
	466,433,038.36	**1,060,890,996.84**
E. Accruals and deferrals		
I. Accrued interest and rent	30,047,721.33	29,586,505.28
II. Other prepayments and accrued income	43,744,414.58	22,550,550.28
	73,792,135.91	**52,137,055.56**
Total assets	**8,150,774,912.36**	**8,276,566,927.45**

Liabilities in €

	2021	2020
A. Capital and reserves		
Revenue reserves Loss reserve pursuant to Section 193 of VAG"	**201,560,000.00**	**193,180,000.00**
B. Technical provisions		
Contributions carried forward	0.00	82,022,300.79
Provision for insurance claims outstanding	4,448,422,524.74	4,402,977,550.46
Provision for bonuses and rebates	182,114,996.91	359,031,258.38
Other technical provisions (compensation fund pursuant to Section 5, para. 2 of the Articles of Association)"	3,260,000,000.00	3,186,000,000.00
	7,890,537,521.65	**8,030,031,109.63**
C. Provisions for other risks and charges		
Provisions for pensions and similar obligations	53,352,567.00	47,390,466.00
Other provisions	3,779,925.00	3,251,408.00
	57,132,492.00	**50,641,874.00**
D. Other liabilities		
Accounts payable on direct written insurance business to policyholders	864,655.78	878,398.50
Other liabilities, of which taxes: € 3,124.59 (2020: € 2,527.92)	631,587.63	1,775,971.28
	1,496,243.41	**2,654,369.78**
E. Accruals and deferrals	**48,655.30**	**59,574.04**
Total liabilities	**8,150,774,912.36**	**8,276,566,927.45**

Income Statement

for the period from 1 January 2021 to 31 December 2021

Technical account in €

	2021	2020
Earned premiums		
Premiums written	307,312,399.02	1,552,247,507.03
Change in contributions carried forward (release)	82,022,300.79	78,274,876.77
Amount released from the previous year's provision for rebates pursuant to Section 6 of the Articles of Association	359,031,258.38	113,833,233.46
	748,365,958.19	**1,744,355,617.26**
Other technical income	**201,174,843.29**	**214,340,150.36**
Expenses for insurance claims		
Payments for insurance claims	679,611,126.23	1,072,861,585.43
Change in provision for claims outstanding (allocation)	45,444,974.28	518,143,384.17
	725,056,100.51	**1,591,004,969.60**
Change in other technical provisions (allocation to compensation fund)	**74,000,000.00**	**54,000,000.00**
Expenses for bonuses and rebates	**182,114,996.91**	**359,031,258.38**
Operating expenses	**11,388,406.24**	**9,945,569.87**
Other technical expenses	**82,248.35**	**66,063.01**
Balance of the technical account	**– 43,100,950.53**	**– 55,352,093.24**

Non-technical account in €

	2021	2020
Investment income		
Income from other investments	81,562,295.80	79,337,272.36
Income from value readjustments on investments	88,391.00	2,415,027.50
Gains on the realisation of investments	1,330,378.80	5,423,308.16
	82,981,065.60	**87,175,608.02**
Investment expenses and charges		
Investment management expenses, interest on borrowings and other investment-related expenses	3,285,432.36	3,815,233.09
Value adjustments on investments	21,771,374.20	2,919,838.41
Losses on the realisation of investments	665,233.14	2,379,863.76
	25,722,039.70	**9,114,935.26**
Other income	**45,318.06**	**19,320.57**
Other expenses	**5,823,393.43**	**2,817,900.09**
Profit for the year (operating profit from ordinary activities)	**8,380,000.00**	**19,910,000.00**
Transfers to revenue reserves: loss reserve pursuant to Section 193 of VAG	**8,380,000.00**	**19,910,000.00**
Balance sheet profit/balance sheet loss	**0.00**	**0.00**

10-year overview[1]

Overview of the development of the Pensions-Sicherungs-Verein from 2012 to 2021

Financial year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
No. of members as at 31 Dec.[2]	93,031	93,765	94,034	94,078	94,482	94,795	95,100	95,250	95,000	**99,400**
Contribution rate in ‰	3.0	1.7	1.3	2.4	0.0	2.0	2.1	3.1	4.2	**0.6**
Contribution assessment base in € billions	304	312	320	327	333	339	345	348	354	**368**
Total contributions in € millions	916.8	544.2	419.2	787.0	2.0	678.5	736.5	1081.2	1487.4	**241.7**
No. of insurable cases	670	746	597	515	458	468	372	434	523	**282**
Claim volume in € millions	1,264.8	780.7	398.6	862.0	506.8	659.1	659.6	1,188.1	1,591.0	**725.1**
No. of benefit recipients reported	17,382	12,147	4,192	8,564	5,023	5,300	8,700	4,300	18,900	**4,900**
No. of beneficiaries reported with non-forfeitable entitlement	24,870	15,939	6,874	10,116	8,890	9,800	10,500	14,100	33,100	**9,500**
Total assets in € millions as at 31 Dec.	4,097.5	4,783.8	5,001.2	5,510.8	5,355.3	5,930.6	6,510.9	7,512.3	8,276.6	**8,150.8**
Investments in € millions as at 31 Dec.	3,745.8	4,436.1	4,853.3	5,248.3	5,292.1	5,619.7	6,235.1	7,306.3	7,050.0	**7,581.0**
Compensation fund in € millions as at 31 Dec.	1,164.1	1,238.3	1,798.3	1,962.0	1,998.0	2,506.5	2,986.1	3,132.0	3,186.0	**3,260.0**
No. of PSVaG employees[3]	221	230	232	228	226	228	234	246	256	**270**

1 An overview of all financial years since 1975 is available on the PSVaG website.

2 Including insured non-members. These comprised 2 employers as at 31 December 2021.

3 Average no. of employees including part-time employees or those whose employment has been suspended (parental leave, semi-retirement).

Members of the Consortium for the PSVaG

As at 31 December 2021, the following 47 life insurance companies were members of the Consortium for the PSVaG with Allianz Lebensversicherungs-Aktiengesellschaft, Stuttgart, as the executive insurer:

Life insurance undertaking	Sponsoring share
Allianz Lebensversicherungs-Aktiengesellschaft	16.8%
Alte Leipziger Lebensversicherung auf Gegenseitigkeit	2.5%
Athora Lebensversicherung Aktiengesellschaft	2.0%
AXA Lebensversicherung Aktiengesellschaft	8.1%
Barmenia Lebensversicherung a.G.	0.7%
Basler Lebensversicherungs-Aktiengesellschaft	2.0%
Bayerische Beamten Lebensversicherung a.G.	1.2%
Bayern-Versicherung Lebensversicherung Aktiengesellschaft	2.4%
Concordia oeco Lebensversicherungs-AG	0.1%
Condor Lebensversicherungs-Aktiengesellschaft	0.5%
Continentale Lebensversicherung AG	0.4%
COSMOS Lebensversicherungs-Aktiengesellschaft	0.2%
Credit Life AG	0.2%
ERGO Lebensversicherung Aktiengesellschaft	10.2%
Frankfurter Lebensversicherung AG	0.7%
Frankfurt Münchener Lebensversicherung AG	0.6%
Generali Deutschland Lebensversicherung AG	2.7%
Gothaer Lebensversicherung Aktiengesellschaft	2.7%
Hannoversche Lebensversicherung AG	0.7%
HanseMerkur Lebensversicherung AG	0.5%
HDI Lebensversicherung AG	4.2%
HUK-COBURG-Lebensversicherung AG	0.1%
IDEAL Lebensversicherung a.G.	0.3%
INTER Lebensversicherung AG	0.3%
Landeslebenshilfe V.V.a.G.	0.1%

Life insurance undertaking	Sponsoring share
Lebensversicherung von 1871 auf Gegenseitigkeit München	0.3%
LVM Lebensversicherungs-AG	0.1%
Mecklenburgische Lebensversicherungs-Aktiengesellschaft	0.1%
MÜNCHENER VEREIN Lebensversicherung AG	0.3%
neue leben Lebensversicherung Aktiengesellschaft	0.1%
Nürnberger Lebensversicherung Aktiengesellschaft	3.1%
Öffentliche Lebensversicherung Braunschweig	0.2%
Öffentliche Lebensversicherungsanstalt Oldenburg	0.1%
Provinzial Lebensversicherung Hannover	0.6%
Provinzial NordWest Lebensversicherung Aktiengesellschaft	1.2%
Provinzial Rheinland Lebensversicherung AG Die Versicherung der Sparkassen	1.4%
Proxalto Lebensversicherung Aktiengesellschaft	9.5%
R+V LEBENSVERSICHERUNG AKTIENGESELLSCHAFT	2.8%
SIGNAL IDUNA Lebensversicherung a.G.	3.9%
Stuttgarter Lebensversicherung a.G.	0.7%
SV SparkassenVersicherung Lebensversicherung Aktiengesellschaft	2.0%
Swiss Life AG, Niederlassung für Deutschland	1.0%
Versicherer im Raum der Kirchen Lebensversicherung AG	0.2%
VOLKSWOHL-BUND LEBENSVERSICHERUNG a.G.	0.8%
Württembergische Lebensversicherung Aktiengesellschaft	5.0%
WWK Lebensversicherung auf Gegenseitigkeit	1.2%
Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft	5.2%

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Our Annual Report can be downloaded from our website in German and English (summarised version). Also available (in German) are the Articles of Association and the General Terms and Conditions of Insolvency Insurance for Corporate Old-Age Pensions (AIB), as well as the most recent versions of all information leaflets.

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www.psvag.de