

PSVaG

PENSIONS-SICHERUNGS-VEREIN
Mutual insurance association

Report on the
2017 Financial Year

Issued by:
PENSIONS-SICHERUNGS-VEREIN
Mutual insurance association

Bahnstraße 6, 50996 Cologne
Tel.: +49 0221 93659 202
Fax: +49 0221 93659 194
www.psvag.de
e-mail: info@psvag.de

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The full version of the 2017 Annual Report is available in German.
The original German version of the Annual Report is the only legal binding version.

Table of contents

	Page
Supervisory Board and Board of Management	5
Management Report	7
Annual Financial Statements	
Balance Sheet as at 31 December 2017	22
Profit and Loss Account for the period from 1 January 2017 to 31 December 2017	25
Overview of the historical development of the PSVaG from 1975 to 2017	26
Members of the Consortium for the PSVaG	28

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Insolvency and Benefits
Legal and Personnel

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Graduate economist, Cologne
Members and Contributions
Business Operations

Management Report

The remit of the PENSIONS-SICHERUNGS-VEREIN – Object of the insurance

The PENSIONS-SICHERUNGS-VEREIN Versicherungsverein auf Gegenseitigkeit (PSVaG) is the statutory agency providing insolvency protection for occupational pension schemes. The sole purpose of this mutual insurance association is to guarantee occupational pensions in the event of an employer becoming insolvent in the Federal Republic of Germany, where this guarantee function is fulfilled pursuant to the Fourth Section of the German Law on the Improvement of Occupational Old-age Pensions (BetrAVG), and in the Grand Duchy of Luxembourg.

The insolvency insurance covers all schemes where the fulfilment of earned claims to an occupational pension is jeopardised by the employer becoming insolvent. Such schemes include:

1. direct pension commitments, also referred to as direct commitments
2. indirect pension commitments through
 - a) pension relief funds,
 - b) direct pension insurance plans – only in the case of revocable rights or irrevocable entitlements if these have been assigned, presented as security or pledged – and
 - c) pension funds.

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 transfers old-age pension obligations assumed as a result of an employer becoming insolvent to a consortium currently numbering 49 life insurance undertakings (cf. list on page 28). 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 one of the schemes subject to compulsory insolvency insurance. The contributions must be sufficient to cover the following:

- the cash 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 cash 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 cash value at the end of the previous year (base accounting interest rate one third higher than that applied to current benefits)

- 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 capitalised values of both the pensions requiring payment and the insurable pension entitlements are financed in the year of insolvency from the contributions received by the PSVaG.

The required levels of contributions are calculated at the end of the year and apportioned to all of the employers 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.

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

Beginning in 2007, “old claims” of around € 2.2 billion, i.e. non-forfeitable entitlements from insolvencies up to and including 2005 that were insurable but had not yet been financed, were financed retroactively through a one-off contribution (cf. 2007 Annual Report). This one-off contribution, set at rate of 0.866 per cent, is generally payable in 15 equal annual payments with instalments due on 31 March of each year from 2007 to 2021. Alternatively, all future instalments can be paid early as one lump sum on a voluntary basis, in which case interest is deducted from all future instalments at an accounting interest rate set one third higher than the rate applicable at the time of payment in accordance with Section 235, para. 1 no. 4 of VAG (since 2017: 1.2%).

A total of € 69.1 million was payable for the eleventh instalment due on 31 March 2017. A further 370 or so instalment payers took advantage of the option of voluntary early repayment in 2017, paying a total of € 8.6 million after deduction of the statutory discount. Approximately 10,900 employers remain who are obliged to pay annual instalments totalling € 66.8 million over the period from 2018 to 2021.

Cash value of the insured entitlements

Insured entitlements to future benefits as a result of insolvencies occurring up to 31 December 2017 numbered approximately 164,000. The total cash value of these entitlements is in the region of € 3,011.9 million. These values were calculated using the 2005 G Heubeck guide tables with the statutory base accounting interest rates.

The base accounting interest rate used to calculate an entitlement depends on the year in which the insolvency occurs and is as follows:

For the insolvency year	Base accounting interest rate
Up to 2006	3.67%
2007 – 2011	3.00%
2012 – 2014	2.33%
2015 – 2016	1.67%
2017	1.20%

The amount available to cover insured entitlements is € 2,730.0 million (previous year: € 2,654.0 million), as reported in the balance sheet items “Contributions carried forward” and “Provision for insurance claims outstanding”. This meant that 90.6% (previous year: 87.8%) of the insured entitlements were covered by capital provisions as at 31 December 2017.

Contribution peaks

Contribution peaks may be alleviated by making use of the compensation fund or by applying a smoothing method. Where a higher contribution rate applies, the compensation fund may be used with the consent of the German Federal Financial Supervisory Authority (BaFin) to reduce that 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 been used once to date, in 2009.

Assessment of contributions, total contributions

On the basis of the financing scheme prescribed by law, the PSVaG calculates the contributions as follows:

On the expenses side:

- Claim volume extrapolated for the full year (minus income as defined in Section 9 of BetrAVG)
- Administrative costs and other costs incurred by PSVaG
- Allocation to the compensation fund
- Allocation to the loss reserve

On the income side:

- Investment income minus investment expenses and charges
- Offsetting of the previous year's provision for contribution reimbursements
- Dividends from the consortium for the previous year
- Any amounts drawn from the compensation fund
- Contributions

The contributions required on the basis of this calculation reflect the amount reported for 2017 by participating firms as the contribution assessment base, a total of € 339 billion (previous year: € 333 billion). On the basis of the calculation, the contribution rate for 2017 was set at 0.2 per cent.

The weighted average contribution rate for the past five years is 0.15 per cent, with a weighted average for the past ten years of 0.29 per cent. The average for all 43 previous financial years is 0.28 per cent. Total contributions in 2017 – excluding one-off contributions – amounted to € 678.5 million (previous year: € 2.0 million).

No advance payment was charged in 2017. A decision regarding the charging of an advance payment for 2018 will be taken during the first half of the year.

Assets, financial position and earnings

The calculation of contributions carried out in October 2017 reflected anticipated developments for the full 2017 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 2017 financial statements show a better overall financial situation than was anticipated when the contributions were being calculated. While benefits associated with converted entitlements were higher than expected, this expense was offset by higher income as defined in Section 9 of BetrAVG and a higher level of settlement income from the previous year's provision for pension claims.

€ 15.7 million was allocated to the provision for contribution reimbursements. This amount will reduce the level of contributions for 2018.

Claim volume

The total claim volume was € 659.1 million (2016: € 506.8 million) and corresponds to the expenditure for insurance benefits as reported in the Profit and Loss Statement.

Capital investments

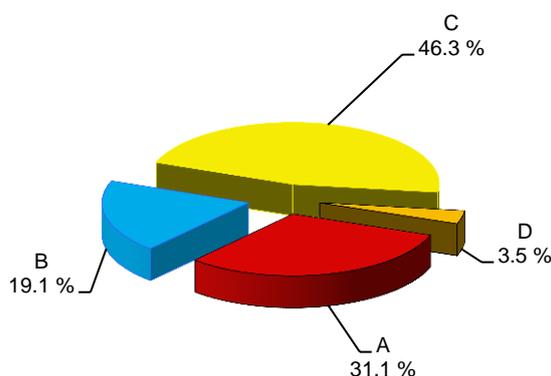
The book value of capital investments rose by € 327.6 million to total € 5,619.7 million during the reporting year (previous year: € 5,292.1 million). All capital investments measured at amortised cost were valued according to the strict principle of the lower of cost or market. Registered bonds, promissory notes and bank deposits were reported at their nominal value in the balance sheet. There was no need for any discretionary use of the moderate lower of cost or market principle.

As in previous years, the PSVaG pursued a cautious investment policy focused on the sound financial standing of issuers and issues included in the direct portfolio in particular, namely bearer and registered bonds and promissory notes, and a consistent "buy and hold" strategy. Investments in investment certificates related exclusively to special alternative investment funds (AIF) with fixed investment conditions, in which the PSVaG is the sole investor. These serve not only to di-

verify capital investments but also to increase the return prospects. Deposits at banks will be largely required for the settlement of claims in 2018 and have corresponding maturity dates. Given the low interest rate environment, with negative rates in some cases, for short-term investments, fixed-term deposits tended to be replaced with a significant volume of securities and promissory note loans with short maturities for the purposes of liquidity management, and the liquidity special fund increased. Assets that were not required for settling claims were successively invested in the direct portfolio and investment funds.

During the reporting year a total of € 525.4 million was invested in bonds with maturities in the years 2024-2028, with securities totalling € 419.6 million falling due during the year under review. Securities worth a further € 54.5 million were sold early. To replace fixed-term deposits, securities and promissory note loans with maturity dates no later than 2020 and worth € 236.2 million were purchased. Smaller amounts, totalling € 24.1 million, were also invested in 2021 and 2023 maturities. The net investment in funds (excluding reinvested dividends) was € 230.0 million, of which € 100 million in a new segment with a short duration in the master fund.

Structure of capital investments



A = investment fund units

B = bearer bonds

C = registered bonds and promissory notes

D = bank deposits (time deposits)

The net income from investments totalled € 80.1 million (previous year: € 72.3 million).

Membership

The number of members rose to 94,795 (previous year: 94,482) as at 31 December 2017. The addition of 3,143 new members and the loss of 2,830 members resulted in an overall net membership increase of 313. The new additions related in particular to employers who were required to have insolvency insurance in place as a result of entitlements becoming vested or due to the payment of a pension for the first time, or as a result of a company split or spin-off. Most of the terminated memberships related to mergers, insolvencies, suspensions of membership following clarification of obligations, or the termination of occupational pension schemes due to the fulfilment of pension obligations or the death of the last person with entitlement under the scheme.

Insurance cover for non-members

Insurance cover with the PSVaG is taken out on the basis of a statutory obligation. Section 3, para. 4 of its Articles of Association provides for this insurance being taken out with the PSVaG without acquiring membership. Three employers are currently availing themselves of this option, all of which have a very low contribution assessment base. For the sake of simplicity, these employers have not been shown separately in the membership numbers.

Number of persons entitled to benefits

The number of persons reported by the members as being entitled to benefits and covered by insolvency insurance increased by around 117,000 in 2017 and totals:

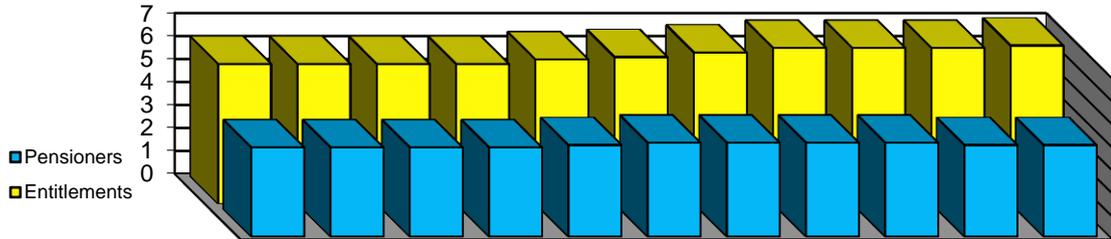
	<u>2017</u>	<u>2016</u>
Persons entitled to benefits with non-forfeitable entitlement	6,939,641	6,812,573
Pensioners	<u>4,027,964</u>	<u>4,037,976</u>
Total	<u>10,967,605</u>	<u>10,850,549</u>

If an employer offers multiple pension schemes, beneficiaries may be counted more than once.

The above figures have developed as follows over the past ten years:

Persons entitled to benefits and covered by insolvency insurance

in millions

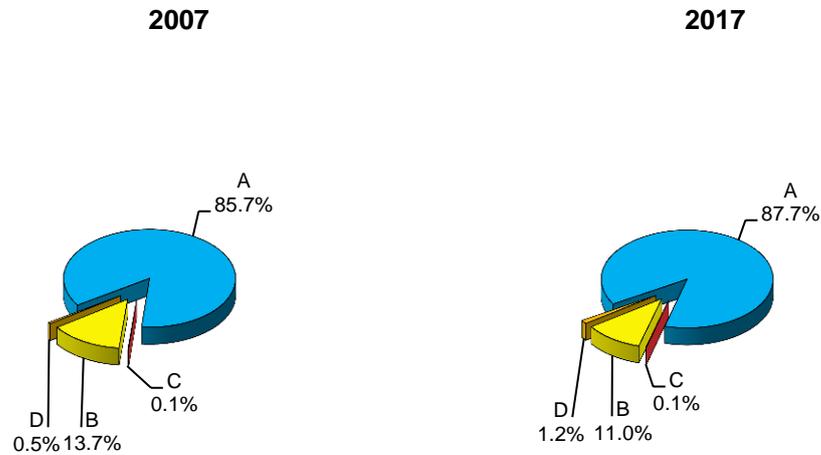


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total	10.0	10.0	10.0	10.0	10.3	10.5	10.7	10.9	10.9	10.8	10.9
of which:											
Entitlements	6.1	6.1	6.1	6.1	6.3	6.4	6.6	6.8	6.8	6.8	6.9
Pensioners	3.9	3.9	3.9	3.9	4.0	4.1	4.1	4.1	4.1	4.0	4.0

Breakdown of individual contribution assessment bases

The breakdown of the total contribution assessment base by individual scheme for the years 2007 (totalling € 272 billion) and 2017 (totalling € 339 billion) shows a slight shift in favour of direct pension commitments and pension fund commitments that have been subject to insolvency insurance since 2002.

Shares of the individual pension schemes



A = direct pension commitments

B = relief fund commitments

C = revocable direct policies or direct policies presented as security

D = pension fund commitments

Distribution of contribution assessment bases in 2017

Contribution assessment base € millions		Percentage shares	
		of member base	of total contribution assessment base
up to	0.1	60.1	0.5
0.1 –	0.5	19.7	1.2
0.5 –	1.0	5.9	1.1
1.0 –	5.0	8.8	5.4
over	5.0	<u>5.5</u>	<u>91.8</u>
		<u>100.0</u>	<u>100.0</u>

There were no significant changes to how the various contribution assessment bases were distributed. Around 5% of members accounted for around 90% of the total contribution assessment base.

Corporate governance

The German Corporate Governance Code contains nationally and internationally recognised standards for good and responsible corporate management. These standards are primarily aimed at listed companies. In its capacity as a self-help institution within the German economy, the PSVaG adheres to the Code's princi-

ples and observes its recommendations and suggestions to the extent that they are applicable to and support the specific statutory function of the mutual insurance association.

Digitalisation

The PSVaG is currently working intensively on the issue of digitalisation, striving to digitise its business processes through the ongoing standardisation and automation of work flows. 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 PSVaG is currently developing a system to enable employers to register for insolvency insurance and then to submit their annual contribution base notices electronically.

Website

The PSVaG's website at www.psvag.de contains general information on the PSVaG, its Articles of Association, the General Terms and Conditions of Insolvency Insurance for Corporate Old-Age Pensions (AIB), German versions of the Annual Report, summaries of the Annual Report in English, the most recent versions of all PSVaG leaflets and a list of publications. It also contains forms for use in complying with reporting obligations and for matters relating to contributions and benefits. The PSVaG's general e-mail address is info@psvag.de. To contact a specific member of staff by e-mail, the prefix "info" should be replaced by the name of the staff member in question using the format "first name.surname".

Employees

	<u>Number on 31/12/2017</u>	<u>Number on 31/12/2016</u>
Actively employed: (including semi-retired part-time)		
– Full-time	154	156
– Part-time	<u>62</u>	<u>61</u>
	<u>216</u>	<u>217</u>
Suspended employment:		
e.g. parental leave	<u>12</u>	<u>8</u>
Total no. of employees	<u><u>228</u></u>	<u><u>225</u></u>
Effective no. of employees i.e. on a full-time equivalent basis	194.6	195.3

Outlook for 2018

The volume of claims during the first few weeks of 2018 reflects the influence of insolvencies reported at the end of 2017. No prediction can be made at this stage regarding future developments, although generally accessible sources would appear to indicate that the insolvency level will remain low. It is very difficult to reliably predict the claims volume and contribution level on the basis of the general level of insolvencies given that the type and quality of the member companies' occupational old-age pension provision can vary greatly. Even if the number of insolvencies in 2018 remains low, it is possible that the volume of claims could be considerably higher than in 2017.

Insolvency insurance for occupational old-age pension commitments is highly dependent on individual events, with the result that no reliable estimate of claim volumes can be provided at this time. Individual relatively large-scale claim events are therefore likely to have a direct impact and push up contributions.

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.

Dividends from the consortium for the PSVaG have a direct impact on contribution rates, and are expected to be down on 2017 levels in the coming year.

Net income from investments in 2018 is likely to be slightly down on the 2017 figures due to low interest rates.

Meanwhile, operating expenses will rise compared with 2017 levels.

Insolvency and benefit payments

The general level of insolvencies in the corporate sector continued to fall in 2017. With a total of 20,093 company insolvencies, there was a year-on-year decline of 6.6% according to the figures provided by the German Federal Statistical Office.

In contrast, the number of insolvencies with an impact on PSVaG grew on a year-on-year basis. Even excluding the crisis year of 2009, the number of insurable cases and the number of beneficiaries to be insured was still well down on the average for the past ten years.

The relevant figures for the PSVaG are provided in the following table and described below. When comparing the figures in the table “Overview of insolvency cases affecting PSVaG” for the individual years it is important to remember that the figures for earlier years are updated figures (cf. Note 1 under the table).

Overview of insolvency cases affecting PSVaG

Year of insolvency	2015 ¹	2016 ¹	2017	1975 – 2017
I. Insolvencies	515	444	429	18,379
of which:				
1. Insolvency proceedings including dismissal due to lack of assets ²	513	443	428	18,150
2. Out-of-court settlements	2	1	1	229
II. Persons entitled to benefits				
1. Registered pensioners				
a) Number	8,564	5,004	5,319	668,621
b) Total benefits € millions	473	184	255	16,578
c) Average monthly pension €	281	195	228	–
2. Registered persons with non-forfeitable entitlement	10,116	9,178	9,725	752,443

¹ The changes in the figures stated under I. and II. compared with the figures quoted in the 2016 Annual Report are due to the subsequent reporting in the 2017 financial year of additional insolvencies in the respective years and to the ongoing updating of information based on the subsequent receipt of reports containing more precise data on individual insolvencies.

² Including bankruptcy and judicial settlement procedures (up to 1999) and cases of the complete termination of operations where bankruptcy proceedings are not initiated due to an obvious lack of assets.

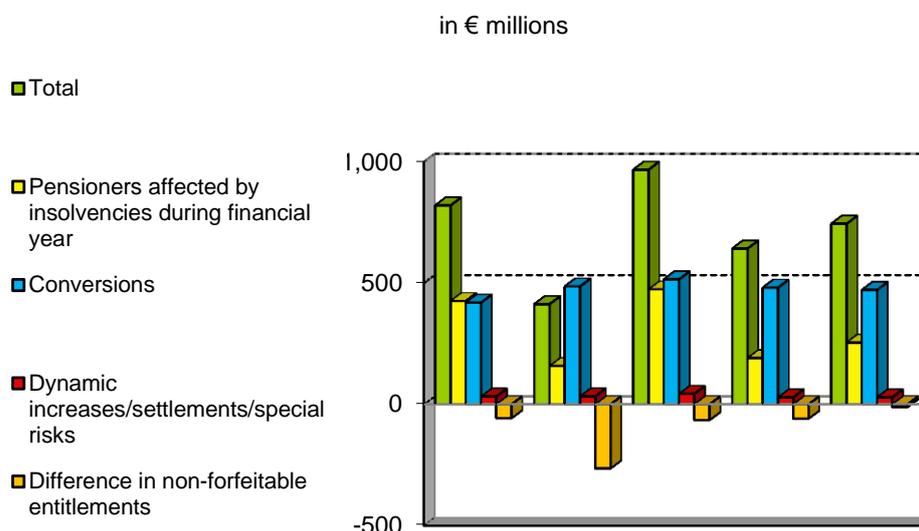
During the reporting year the PSVaG was affected by 429 (previous year: 399)^{*} insolvencies (insurable cases as defined in Section 7, para. 1 of BetrAVG) involving 5,319 recipients of benefits (previous year: 5,085) and 9,725 persons with non-forfeitable benefit entitlements (previous year: 7,828). This equates to a 7.5% increase (previous year: -14.6%) in the number of insolvency cases and a rise of 16.5% in the number of persons entitled to benefits (previous year: -30.8%)

The anticipated cost of taking over pension payments from insolvency cases during the financial year is € 255 million (previous year: € 191 million). Added to this are benefit costs from conversion cases totalling € 471 million (previous year:

^{*} Here, in the following text and in the graph below, this figure does not take account of the ongoing updating of the overall insolvency situation.

€ 481 million). Costs relating to pension adjustments in line with contractual adjustment clauses, lump-sum settlements pursuant to Section 8, para. 2 of BetrAVG and late claims totalled € 29 million (previous year: € 29 million). As in the previous year, no provisions for special risks were required during the financial year. Taking into account the difference of -€ 11 million (previous year: -€ 59 million) between the cash value of the insured entitlements at the end of the current year and the value at the end of the previous calendar year, gross benefit expenses for 2017 totalled € 744 million (previous year: € 642 million) (see overview below). This figure does not yet include claim adjustment costs, settlement income from earlier years and income as defined in Section 9 of BetrAVG.

Composition of gross benefit expenses^{*}



	2013	2014	2015	2016	2017
Total	820	413	967	642	744
of which:					
Pensioners affected by insolvencies during financial year	426	158	474	191	255
Conversions	419	486	515	481	471
Dynamic increases/settlements/special risks	32	33	43	29	29
Difference in non-forfeitable entitlements (2006 onwards)	-57	-264	-65	-59	-11

The PSVaG posted income of € 204.3 million in 2017 (previous year: € 269.0 million) from insolvency quota payments, transferred relief fund assets and other

^{*} See footnote on page 17

claims. This income offsets a large portion of the costs relating to insurance claims and thus the contribution charge payable by the member companies.

The PSVaG is frequently one of the largest creditors in insolvency proceedings due to the statutory subrogation of claims from the occupational pension provision that it insures. Particularly 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 provisional 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.

During the 2017 reporting period, a total of 27,183 (previous year: 29,956) cases of benefit entitlements from all claims years were processed, of which 15,880 (previous year: 16,639) were old-age pension entitlements including 10,121 (10,689) conversions. There were 11,303 (previous year: 13,317) cases relating to benefit entitlements with regard to which the PSVaG has issued a final decision. The total number of cases processed in 2017 and resulting in a final notice of intent to pay, calculated after adding 10,865 (previous year: 11,539) cases of pension increases based on contractual adjustment clauses and other cases of retroactive insurance, therefore totalled 38,048 (previous year: 41,495).

Overview of pension and entitlement cases still pending

Year of insolvency	1975-2011	2012	2013	2014	2015	2016	2017	Total
1. Pension cases	9	5	1	12	33	21	984	1,065
2. Entitlement cases	610	205	382	1,156	2,221	6,275	9,119	19,968
3. Conversion cases	1,623							1,623

The figures shown in the above table for pending pension and entitlement cases also include cases that cannot yet be processed, due to missing documents etc.

The number of outstanding cases involving recipients of benefits as at the year-end was 1,065 (previous year: 1,305). Pension cases from earlier years that are yet to be processed primarily relate to late claims, late registrations and previously disputed cases on which a ruling was reached shortly before the year-end.

The number of entitlement cases still to be settled as at the balance sheet date was 19,968 (previous year: 18,805). There are still 2,353 (previous year: 4,751) entitlement cases outstanding from the financial years up to 2014. Those entitled to benefits will suffer no disadvantage as a result of this situation, however.

In conversion cases, the PSVaG is required to pay benefits to those persons who are entitled to benefits and whose entitlements were still pending on the date of insolvency as of the date on which benefits fall due for the first time.

In order to minimise interruptions in benefit payments resulting from insolvency, highest priority is given to the timely processing of pension claims once insolvency has been reported.

High priority is also given to the timely processing of conversion cases. The PSVaG also makes every effort to reduce the number of outstanding entitlement cases from previous years. However, due to the irregular incidence and unforeseeable consequences of insolvencies, relatively long processing times are likely to remain unavoidable, particularly with regard to entitlement cases.

Annual Financial Statements

Balance Sheet

Assets	€	€	€	Previous year € thousands
A. Intangible assets			145,782.—	122
B. Investments				
Other financial investments				
1. Shares, units or shares in investment funds and other variable-yield securities		1,744,563,811.45		1,501,825
2. Bearer bonds and other fixed-income securities		1,075,497,945.42		834,886
3. Other loan receivables				
a) Registered bonds	1,830,000,000.—			
b) Promissory notes and loans	<u>773,098,522.36</u>	2,603,098,522.36		2,532,345
4. Bank deposits		<u>196,500,000.—</u>		423,000
			5,619,660,279.23	(5,292,056)
C. Receivables				
I. Accounts receivable on direct written insurance business from				
Policyholders		72,577,589.69		1,651
II. Other receivables		<u>218,588.70</u>		145
			72,796,178.39	(1,796)
D. Other assets				
I. Tangible assets and stock (inventories)		1,445,132.—		1,050
II. Cash at bank in current accounts, cheques and cash in hand		<u>201,254,414.79</u>		28,451
			202,699,546.79	(29,501)
E. Prepayments and accrued income				
I. Accrued interest and rent		25,025,497.46		24,207
II. Other prepayments and accrued income		<u>10,306,638.32</u>		7,631
			35,332,135.78	(31,838)
Total assets			<u>5,930,633,922.19</u>	<u>5,355,313</u>

As at 31 December 2017

Liabilities	€	€	Previous year € thousands
A. Capital and reserves			
Revenue reserves			
Loss reserve pursuant to Section 193 VAG		144,540,000.—	129,480
B. Technical provisions			
I. Contributions carried forward	304,194,501.54		364,116
II. Provision for insurance claims outstanding	2,922,160,466.94		2,711,937
III. Provision for bonuses and rebates	15,655,487.40		117,858
IV. Other technical provisions (Compensation fund - Section 5 para. 2 Articles of Association)	2,506,500,000.—		1,998,000
		5,748,510,455.88	(5,191,911)
C. Provisions for other risks and charges			
I. Provisions for pensions and similar obligations	34,642,879.—		31,878
II. Other provisions	1,807,649.56		1,357
		36,450,528.56	(33,235)
D. Other liabilities			
I. Accounts payable on direct written insurance business to			
Policyholders	387,904.97		238
II. Other liabilities - of which for taxes: € 406,262.21 (2016: € 300,903.15)	686,980.11		382
		1,074,885.08	(620)
E. Accruals and deferrals			
		58,052.67	67
Total liabilities		5,930,633,922.19	5,355,313

Profit and Loss Account for the period from 1 January 2017 to 31 December 2017

Items	€	€	Previous year € thousands
I. Technical account			
1. Earned premiums			
a) Premiums written	756,118,636.—		80,390
b) Change in contributions carried forward (release)	59,921,234.—		57,401
c) Amount released from the previous year's provision for bonuses and rebates pursuant to Section 6 of the Articles of Association	<u>117,857,880.96</u>		248,698
		933,897,750.96	
2. Other technical income		194,616,074.05	225,891
3. Expenses for insurance claims			
a) Payments for insurance claims	448,855,324.74		525,280
b) Change in provision for claims outstanding (release, allocation in 2016)	<u>210,223,559.04</u>		-18,444
		659,078,883.78	
4. Change in other technical provisions (allocation to compensation fund)		508,500,000.—	36,000
5. Expenses for bonuses and rebates		15,655,487.40	117,858
6. Operating expenses		8,353,656.76	6,931
7. Other technical changes		<u>225,398.01</u>	114
8. Balance of the technical account		-63,299,600.94	-55,359
II. Non-technical account			
1. Investment income			
a) Income from other investments	80,071,445.32		78,266
b) Income from value readjustments on investments	1,227,929.—		70
c) Gains on the realisation of investments	<u>2,948,500.—</u>		1,870
		84,247,874.32	
2. Investment expenses and charges			
a) Investment management expenses, interest on borrowings and other investment-related expenses	1,584,198.92		1,414
b) Value adjustments on investments	1,203,975.—		5,881
c) Losses on the realisation of investments	<u>1,379,050.—</u>		598
		4,167,223.92	
3. Other income		85,134.55	180
4. Other expenses		1,806,184.01	2,014
5. Profit for the year (operating profit from ordinary activities)		<u>15,060,000.—</u>	15,120
6. Transfers to revenue reserves, loss reserve pursuant to Section 193 VAG		15,060,000.—	15,120
7. Balance sheet profit/balance sheet loss		<u>—,—</u>	—

Overview

of the development of the PENSIONS-SICHERUNGS-VEREIN

from 1 January 1995 (commencement of business operations) to 31 December 2017

Financial year	Members	Advance contribution rate	Final contribution rate	Contribution assessment base	Total contributions	Insurable insolvency cases	Claim volume	Benefit recipients reported	Persons reported with non-forfeitable entitlements to benefits	Total assets	Investments	Compensation fund	PSVaG employees ¹
	No. ³ (31 Dec.)	%	%	€ billions	€ millions	No.	€ millions	No.	No.	€ millions (31 Dec.)	€ millions (31 Dec.)	€ millions (31 Dec.)	No. ²
1975	31,045	1.5	1.5	37.3	56.5	249	38.2	5,060	7,290	47.6	42.4	17.6	36
1976	31,685	1.5	1.9	42.4	81.6	267	83.7	8,614	8,795	61.7	50.9	17.9	41
1977	32,102	1.7	1.9	46.5	87.4	246	65.5	4,745	5,808	101.5	89.5	45.2	42
1978	32,778	1.7	0.7	50.1	36.5	187	39.7	4,765	6,785	151.0	145.8	52.0	43
1979	32,518	0.5	1.1	55.2	60.9	154	65.2	5,346	8,116	135.6	117.0	58.4	48
1980	32,547	0.8	1.4	61.4	85.9	161	87.3	6,879	6,985	177.3	160.8	68.3	50
1981	33,895	0.9	2.0	68.5	137.5	246	141.6	11,780	13,228	243.9	233.4	79.8	59
1982	33,977	1.4	6.9	74.1	512.5	363	623.9	39,564	55,498	661.6	552.0	5.7	71
1983	33,746	-,-	3.7	76.2	281.6	322	264.3	10,689	14,992	339.2	318.3	65.6	81
1984	33,968	1.8	2.6	83.9	218.6	369	200.2	8,036	15,601	375.3	358.2	137.8	85
1985	34,662	1.6	1.4	92.0	135.6	366	194.0	7,461	9,746	415.5	402.8	141.1	88
1986	34,848	1.0	1.1	98.2	116.4	332	191.0	8,135	13,448	436.8	419.9	171.8	97
1987	35,725	0.6	1.8	107.4	244.4	307	299.5	15,891	19,873	522.8	501.0	183.0	99
1988	35,813	1.2	0.9	112.0	103.3	200	158.8	4,460	7,606	489.2	473.8	188.2	103
1989	36,051	0.6	0.6	117.6	72.8	173	143.4	4,943	7,872	461.0	445.3	190.0	101
1990	36,712	-,-	0.3	123.7	38.8	158	170.1	7,323	6,241	402.2	373.5	190.5	100
1991	37,282	-,-	0.9	131.4	116.0	162	201.5	6,165	6,355	419.7	398.0	191.3	100
1992	37,758	0.3	0.8	140.6	115.5	207	216.7	10,487	11,192	448.3	429.8	191.3	99
1993	38,115	0.3	3.1	150.8	467.5	328	703.9	34,349	27,830	718.7	661.8	53.3	101
1994	38,179	1.0	2.3	157.0	363.3	348	425.4	18,414	21,506	785.6	755.6	139.8	109
1995	38,573	1.0	2.6	163.6	426.7	386	489.3	15,228	19,639	729.0	697.5	189.1	121
1996	39,045	1.0	2.8	171.3	481.2	404	724.6	41,948	29,674	790.1	756.0	51.1	131
1997	39,233	1.0	2.7	178.4	482.6	406	422.8	12,737	15,088	786.7	743.0	151.9	138
1998	39,737	1.0	1.2	184.6	223.6	399	387.7	11,763	16,033	757.3	737.3	219.5	133
1999	39,774	0.5	2.8	189.2	530.5	394	610.6	27,751	18,980	936.5	896.7	281.0	130
2000	39,778	1.0	2.1	208.6	439.9	442	548.1	14,898	18,467	801.8	763.8	332.5	129
2001	39,893	1.0	2.5	218.0	546.0	479	614.1	17,339	18,398	848.6	806.8	369.4	130
2002	40,643	1.0	4.5	225.0	1,016.8	705	1,481.4	43,565	41,696	1,271.6	1,203.6	70.7	136
2003	45,858	1.5	4.4	235.0	1,036.1	726	877.2	29,125	25,798	959.7	913.7	221.8	149
2004	53,102	1.5	3.6	243.0	881.8	753	760.6	19,507	16,866	951.2	923.7	348.7	157

Financial year	Members	Ad-vance contribution rate	Final contribution rate	Contri-bution assess-ment base	Total contri-butions	Insur-able insol-vency cases	Claim volume	Benefit recipients reported	Persons reported with non-forfeitable entitlements to benefits	Total assets	Invest-ments	Com-pensation fund	PSVaG emp-loyees ¹
	No. ³ (31 Dec.)	%	%	€ billions	€ millions	No.	€ millions	No.	No.	€ millions (31 Dec.)	€ millions (31 Dec.)	€ millions (31 Dec.)	No. ²
2005	59,636	1.5	4.9	251.0	1,237.7	745	1,234.0	29,326	27,653	1,001.8	962.6	477.7	160
2006	64,696	1.5	3.1	264.0	825.7	654	791.5	13,863	13,634	1,321.0	1,289.2	588.0	161
2007	69,376	1.0	3.0	272.0	822.6	530	943.5	11,873	17,411	2,100.7	2,038.4	654.7	166
2008	73,093	1.0	1.8	277.0	506.1	544	591.8	7,491	9,430	2,242.2	2,194.0	696.6	170
2009	76,029	-,-	14.2	285.0	4,068.3	971	4,356.3	79,871	89,242	4,036.5	3,370.5	874.0	179
2010	83,322	-,-	1.9	289.0	549.2	679	648.7	9,434	11,346	3,795.6	3,568.5	992.5	190
2011	90,740	-,-	1.9	295.0	569.3	616	626.1	7,188	11,619	3,567.3	3,296.0	1,080.7	206
2012	93,031	-,-	3.0	304.0	916.8	670	1,264.8	17,382	24,870	4,097.5	3,745.8	1,164.1	221
2013	93,765	-,-	1.7	312.0	544.2	746	780.7	12,147	15,939	4,783.8	4,436.1	1,238.3	230
2014	94,034	-,-	1.3	320.0	419.2	597	398.6	4,192	6,874	5,001.2	4,853.3	1,798.3	232
2015	94,078	-,-	2.4	327.0	787.0	515	862.0	8,564	10,116	5,510.8	5,248.3	1,962.0	228
2016	94,482	-,-	-,-	333.0	2.0	444	506.8	5,004	9,178	5,355.3	5,292.1	1,998.0	226
2017	94,795	-,-	2.0	339.0	678.5	429	659.1	5,319	9,725	5,930.6	5,619.7	2,506.5	228
					21,324.4	18,379		668,621	752,443				

Total
1,421,064
persons entitled to benefits

1 Average no. of employees including part-time employees or employees whose employment has been suspended (parental leave, semi-retirement) – cf. page 15

2 Up to 1986: number of employees as at 31 Dec. including members of the Board of Management; from 1987 onwards: yearly average in accordance with the Accounting Directives Act of 19 December 1985

3 Figures from 2013 onwards include insured non-members – cf. p.12

Members of the Consortium for the PSVaG

As at 31 December 2017, the following 49 life insurance companies were sponsoring members of the Consortium for the PSVaG (sponsoring share given in % in brackets):

AachenMünchener Lebensversicherung AG (2.7)	HDI Lebensversicherung AG (4.2)
Allianz Lebensversicherungs-AG (16.8)	HUK-COBURG-Lebensversicherung AG (0.1)
ALTE LEIPZIGER Lebensversicherung auf Gegenseitigkeit (2.5)	IDEAL Lebensversicherung a.G. (0.3)
Athene Lebensversicherung AG (2.0)	IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe (3.9)
AXA Lebensversicherung AG (8.1)	INTER Lebensversicherung AG (0.3)
Barmenia Lebensversicherung a. G. (0.7)	Landeslebenshilfe V.V.a.G. (0.1)
Basler Lebensversicherungs-AG (2.0)	Lebensversicherung von 1871 a. G. Munich (0.3)
Bayerische Beamten Lebensversicherung a.G. (1.2)	LVM Lebensversicherungs-AG (0.1)
Bayern-Versicherung Lebensversicherung Aktiengesellschaft (2.2)	Mecklenburgische Lebensversicherungs-Aktiengesellschaft (0.1)
Concordia oeco Lebensversicherungs-AG (0.1)	Münchener Verein Lebensversicherung AG (0.3)
Condor Lebensversicherungs-Aktiengesellschaft (0.5)	neue leben Lebensversicherung AG (0.1)
Continental Lebensversicherung AG (0.4)	NÜRNBERGER Lebensversicherung AG (3.1)
Cosmos Lebensversicherungs-Aktiengesellschaft (0.2)	Öffentliche Lebensversicherung Berlin Brandenburg AG (0.1)
ERGO Lebensversicherung AG (10.2)	Öffentliche Lebensversicherung Braunschweig (0.2)
Frankfurt Münchener Lebensversicherung AG (0.6)	Öffentliche Lebensversicherungsanstalt Oldenburg (0.1)
Frankfurter Lebensversicherung AG (0.7)	Provinzial NordWest Lebensversicherung AG (1.2)
Familienfürsorge Lebensversicherung AG im Raum der Kirchen (0.2)	Provinzial Rheinland Lebensversicherung AG (1.4)
Generali Lebensversicherung AG (9.5)	R+v Lebensversicherung AG (2.8)
Gothaer Lebensversicherung AG (2.7)	RheinLand Lebensversicherung AG (0.2)
Hannoversche Lebensversicherung AG (0.7)	SAARLAND Lebensversicherung AG (0.1)
HanseMercur Lebensversicherung AG (0.5)	Swiss Life AG, Niederlassung für Deutschland (1.0)
	Stuttgarter Lebensversicherung a.G. (0.7)
	SV Sparkassenversicherung Lebensversicherung AG (2.0)
	VGH Provinzial Lebensversicherung Hannover (0.6)
	VOLKSWOHL BUND Lebensversicherung a.G. (0.8)
	Württembergische Lebensversicherung AG (5.0)
	WWK Lebensversicherung a. G. (1.2)
	Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft (5.2)

The executive insurer of the Consortium for the PSVaG is Allianz Lebensversicherungs-AG, Stuttgart.