PSVaG
Insolvenzsicherung der Betriebsrenten

22

2022 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. As such we never lose sight of the particular responsibility that we hold in the area of social security.

With our vision of guaranteeing confidence in the security of occupational pensions, we realise our statutory remit in the capacity of a mutual insurance association.

We are consistently by the side of our beneficiaries and members, currently securing the occupational pensions of almost 14 million people.

Our guiding principles are fairness, service, cost awareness and stability.

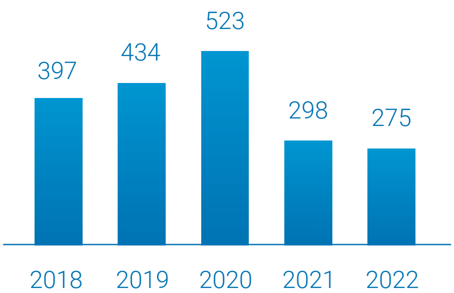
Figures for the 2022 financial year

	2022	2021
Membership	**101,300**	99,400
Contribution assessment base	**€ 373 billion**	€ 368 billion
Contribution rate	**1.8‰**	0.6‰
Total contributions	**€ 685 million**	€ 242 million
Insurable cases	**275**	298
Claim volume	**€ 582 million**	€ 725 million
Registered beneficiaries	**4,800**	4,900
Registered persons with entitlement to benefits	**9,400**	9,300
Compensation fund	**€ 3.3 billion**	€ 3.3 billion
Total assets	**€ 8.3 billion**	€ 8.2 billion
Employees	**294**	275

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.

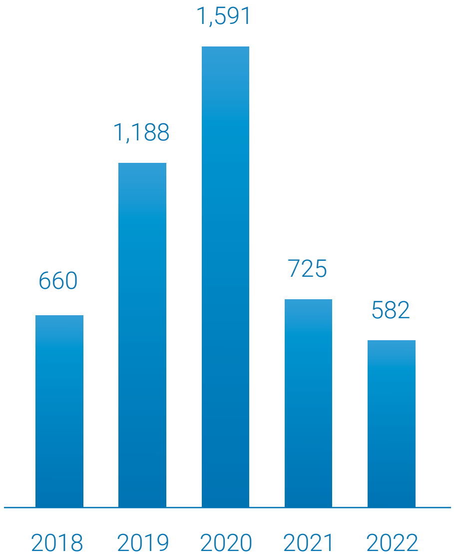
We therefore use gender-neutral language as far as possible.

No. of insurable cases



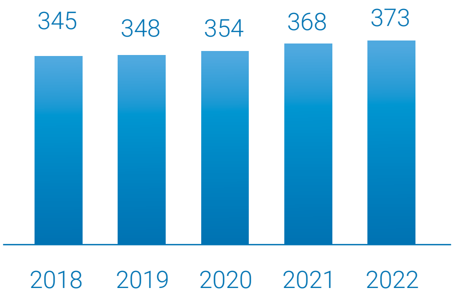
−8%
compared with 2021

Claim volume in € millions



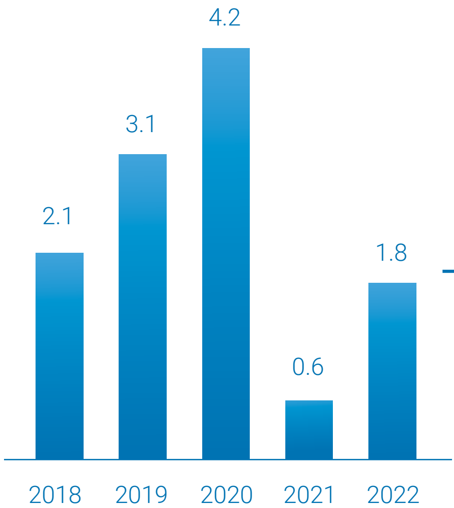
−20%
compared with 2021

Contribution assessment base in € billions



+1%
compared with 2021

Contribution rate in ‰



+200%
compared with 2021

Table of contents

Corporate Management

Letter from the Board of Management

Ladies and gentlemen

The Russian war of aggression on Ukraine and, to a decreasing extent, the coronavirus pandemic were major factors in Germany in 2022, impacting on society and many areas of the economy. However, the effects of the war and the disruption of global supply chains are not (yet) reflected in the level of insolvencies. Insolvency claims in Germany were only slightly higher than in the previous year, and this was also the experience of the PSVaG. The number of insurable cases was down by 8%, while the volume of claims relevant to contributions and the number of beneficiaries were practically unchanged.

Alongside the burden of returning inflation and an abrupt turnaround in interest rates, the Russian invasion of Ukraine created turbulence on the capital markets in the reporting year. Rising interest rates in particular caused substantial falls in market value and thus a loss of value in the direct portfolio. Due to the high quality of our direct portfolio, we are not, however, anticipating any defaults, but expect the losses to be recovered in the future.

In the context of this difficult capital market environment and less obvious mitigating effects, our expectation at the end of the first half of the year was that the contribution rate for 2022 would have to be set higher than the prior-year figure of 0.6 per thousand, but below the long-term average of 2.7 per thousand. These developments continued during the second six months. In November, we set the contribution rate for 2022 at 1.8 per thousand.

Insolvency levels developed as expected during the fourth quarter. As the year drew to a close, the capital markets and interest rate movements had less of a negative impact than expected. This meant that we were able to allocate € 206 million to the provision for contribution rebates. This will have a direct lowering effect on the 2023 contribution rate. In terms of new investments, the PSVaG is profiting from the current context of higher interest rates, as evidenced in the higher return. Similarly, account interest rates are no longer negative, with interest being paid again in many cases.

In the case of *Pensionskasse* commitments, the statutory obligation to report and contribute to insolvency insurance schemes entered into force in 2021. Since the 2022 financial year, employers in this category have also been paying the contribution rate of 1.8 per thousand. The rate applied to *Pensionskasse* commitments to finance the compensation fund is also regulated by law. For 2022, this additional contribution was set at 1.5 per thousand, and serves to finance the compensation fund based on solidarity among all members.

In light of the planned transposition of the new EU Directive on cross-border conversions, mergers and divisions into national law, we consider there to be risks for the pension beneficiaries affected and the implementation of statutory insolvency protection in certain cases of cross-border conversions. In particular, if no legal entity remains in Germany, the liability rules that would otherwise apply in comparable national conversion transactions will no longer be applicable. This could lead to the system being abused and to complex legal proceedings in another European member state to the detriment of the pension beneficiaries or the PSVaG and thus to the detriment of the solidarity-based community of members.

The number of members of the PSVaG grew further from approximately 99,400 to around 101,300 in 2022, above all as a result of the newly introduced insolvency cover for pension commitments via *Pensionskassen*. Many employers with *Pensionskasse* commitments use several different schemes for occupational pension provision and were therefore already members of the PSVaG. At the end of 2022, the PSVaG was guaranteeing most private-sector occupational pension provision in Germany, encompassing almost 14 million pension commitments.

We are constantly reviewing our corporate strategy which has now been comprehensively updated, three years after its introduction. The current changes are in response to new regulatory and economic parameters (including with regard to investments), while the new strategy also makes even clearer and more specific reference to the forward-looking issues that matter to us. It goes without saying that we will continue to pursue our established objectives of being service-oriented and communicating in the best possible way for our target group.

Sustainability is an overall strategic goal that was given its own sub-strategy in 2022 in recognition of its particular importance. Based on the “ESG” criteria, which are now an established way of describing the facets of sustainability, the PSVaG is dedicated to the topic of sustainability in the three dimensions of “people”, “environment” and “society”. “People” come first for us, as befits our purpose, namely protecting pension beneficiaries against poverty in old age. In doing so, we never lose sight of our duty to our stakeholders, the environment and society. With a view to environmental sustainability, the PSVaG is also doing everything in its power to further reduce its already low impact on the environment, focusing on how we operate our premises and our consumption of resources.

Again in 2022, the PSVaG continued and launched projects and measures to improve the service that we offer our members and beneficiaries in accordance with our aims. Notably, we are continuing to work on the digitalisation of our business processes, ensuring that the statutory mandate is performed in a secure, efficient and customer-oriented manner through the digital exchange of data and ongoing standardisation and automation. Our newly established benefits service makes it easy for beneficiaries to access our advice, which is 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.

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, 10 February 2023

Dr. Marko Brambach

Dr. Benedikt Köster

Supervisory Board

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

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

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

Claudia Andersch
Chair of the Board, R+V Krankenversicherung 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
Business graduate, Deidesheim
Member since 7 June 2006

Dr. Heinke Conrads
Member of the Management Board of Allianz Lebensversicherungs-AG, Stuttgart
Member since 8 June 2022

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
Graduate financial mathematician, Ettringen
Member since 29 June 2021

Dr. Andreas Wimmer
Member of the Board of Allianz SE, Munich
Member from 7 July 2016
until 8 June 2022

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 (also known as direct 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 from 2022 onwards that relate to employers with *Pensionskasse* commitments, the PSVaG will provide insolvency protection in the amount of the employer's statutory commitment within the framework of the Occupational Pensions Act. These employers have been paying insolvency insurance contributions since 2021. Their first contribution in particular is used to finance the compensation fund for the new risks being taken on by the PSVaG.

The PSVaG also handles cases in which the claim 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. In 2022 the PSVaG received one application for the minimum level of protection but the prerequisites for a payment 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.

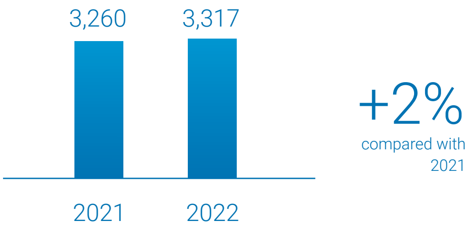
The required levels of contributions are calculated during the last quarter of the year and apportioned to all of the employers who are subject to compulsory contributions. A characteristic feature of this process is the fact that the contribution rates reflect differences in expenses from one year to 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 2022 year-end, the target level for the compensation fund was € 3,317 million, achieved by allocating an amount of € 57 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 2022 financial year

Overview of the financial year

In 2022, the number of company insolvencies in Germany increased on a year-on-year basis for the first time since 2009, up by 4%. After a 46% reduction in insolvencies among PSVaG members during the previous year, the number of cases fell by a further 8% in 2022. The insolvency rate for our members, at 2.7‰ in 2022, is the lowest in the history of the PSVaG.

Over the course of the 2022 financial year the development of claims was lower than we had expected at the start of the year. As forecast, lower income as defined in Section 9 of BetrAVG and higher income from Consortium dividends were recorded. In contrast, and contrary to expectations, the investment result was well down on the previous year due to higher write-downs. Administrative costs were lower than in the previous year, against expectations.

At the end of the first half-year of 2022, we had informed our members that the contribution rate for 2022 was likely to be higher than the 2021 figure of 0.6‰ but below the long-term average of 2.7‰. In November we were in fact able to set the rate at 1.8‰. The contribution rate was positively influenced in particular by the favourable development in insolvencies affecting the PSVaG and thus the claims volume, as well as by the reversal of the provision for rebates from the previous year in the amount of € 182 million.

We successfully transferred occupational pension schemes back to employers that continued operations after insolvency, making a full transfer in 18 cases and a partial transfer in three further cases. This saved our members € 24 million.

The overarching strategy for the PSVaG was further developed and thematically fleshed out in 2022. An updated overall corporate strategy and its own sustainability strategy will lend the PSVaG impetus for the coming years. To implement its strategic objectives, the PSVaG implemented a large number of projects in the 2022 financial year, including digitalisation projects, other non-technical projects and measures needed to implement new regulatory requirements.

Required contribution level

The required contribution level totalling € 685 million for 2022 consists of two items. The higher portion of € 671 million is based on the required contribution rate of 1.8‰ and the reported contribution assessment base of € 373 billion. The second portion of € 14 million is based on the additional, statutory rate of 1.5‰ for pension commitments via *Pensionskassen*, which is used for the pro rata financing of the compensation fund.

The contribution level of 1.8‰ is significantly higher than the previous year's rate of 0.6‰ but lower than the longer-term average. The average level for the past ten years is 2.0‰ and the average over all 48 financial years to date is 2.7‰.

Annual Financial Statements

The Annual Financial Statements for the 2022 financial year have been prepared in accordance with the German Ordinance on Insurance Accounting (RechVersV).

The income statement shows a positive technical result, which is offset by the negative result for non-technical positions.

Our largest income sources were members' contributions, income pursuant to Section 9 of BetrAVG and the dividends from the Consortium. The biggest expense items were the costs of insolvency cases and net income from investments. The individual items are explained in further detail in the "Our services" and "Capital investments" sections.

The calculation of contributions carried out in October 2022 reflected anticipated developments for the full 2022 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 2022 financial statements show a better overall financial situation than was anticipated when the contributions were being calculated due to a better investment result being recorded following lower value adjustments. Consequently, € 206 million was allocated to the provision for contribution rebates. This amount will reduce the level of contributions for 2023. Overall, due to the system, the annual financial statements show a balanced result.

The allocation of € 57 million to the compensation fund resulted in the target of 9‰ of the contribution assessment base being achieved.

Members' meeting

The members' meeting, held on 8 June 2022 in Cologne and chaired by the Chair of the Supervisory Board, ratified the actions of the Board of Management and Supervisory Board, appointed the auditor, and adopted changes to the Articles of Association and an adjustment of the remuneration paid to the members of the Supervisory Board. There was a change to the composition of the Supervisory Board with the appointment of Dr. Heinke Conrads, replacing Dr. Andreas Wimmer.

The members' meeting was held in person again for the first time since 2019, with the PSVaG's premises in Cologne being used as the venue for the first time.

Our services

Insolvencies

The general level of insolvencies in the German economy remained low in 2022 despite higher prices for primary products and energy in particular, supply chain bottlenecks and rising interest rates. Although the number of company insolvencies rose again for the first time since 2009 to reach 14,700, this increase was moderate, at +4%. Similarly, the number of employees affected by insolvencies increased by only around 24% to 175,000 people. Creditreform estimates the value of creditors' claims in 2022 to be € 36 billion, compared with € 54 billion in 2021.

After the already historically low insolvency ratio in 2021, the number of insolvency proceedings affecting the PSVaG fell by a further 8% in 2022 with the claim expenses for new insolvencies down 13%. The number of new pension beneficiaries included in the protection scheme remained virtually unchanged. Notably, there were only four major claims in the 2022 financial year (previous year: 11), which also resulted in only a moderate level of claim expenses.

Overview of insolvencies

Year of insolvency	2022	2021[1]
Total insurable cases[2]	**275**	298
of which out-of-court settlements	**0**	0
Beneficiaries (entitled) and pensioners[3]	**14,200**	14,200

[1] The changes in the figures compared with the figures quoted in the 2021 Annual Report are due to the subsequent reporting of additional insolvencies in the 2022 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) dropped by 4% while the number of pensioners fell by 2%.

Beneficiaries

	Beneficiaries (entitled)	Pensioners
As at 31 Dec. 2021	226,200	464,000
New additions due to insolvencies in 2022	9,400	4,800
Other additions	1,700	10,500
Exits	21,300	24,800
As at 31 Dec. 2022	217,300	454,500
of which insured with the Consortium		446,800

"Other additions" of pensioners and "Exits" of beneficiaries (entitled) include 7,200 beneficiaries who were insured with the Consortium in 2022 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 34,400 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 14,800 cases. In 2022 there were 27,500 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 as soon as insolvency is reported. This means that the PSVaG frequently begins its processing activities 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. 2021	44,500	3,400
Additions	10,700	16,000
Exits due to processing	20,200	14,200
Exits due to other form of settlement	3,700	300
As at 31 Dec. 2022	31,300	4,800

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

Benefits paid

In 2022 the PSVaG paid out direct benefits to beneficiaries totalling € 67 million (previous year: € 61 million). The Consortium paid out an additional € 883 million (previous year: € 922 million).

Claim volume

The volume of claims was down on the previous year and totalled € 582 million. The 2021 figure included an expense of € 146 million in accordance with Section 30i of BetrAVG for the last time. The reduction in the maximum actuarial interest rate has a negative impact. This reduction leads to an increase in contributions to the consortium of life insurance companies and an increase in the provision for insured entitlements from new insolvencies.

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 € 118 million to income in 2022 from insolvency quota payments, transferred relief fund assets and other claims.

During the reporting year, the PSVaG was able to agree a transfer back to the employer by means of 21 insolvency plan procedures affecting 1,400 beneficiaries, thereby avoiding expenses of € 24 million.

Dividends from the Consortium

With regard to insurance agreements concluded in the past, the Consortium transferred dividends of € 268 million including interest to the PSVaG in 2022 for the 2021 financial year. This was posted to income in 2022.

Pension expenses for future claims

In order to reduce contributions for 2023, € 206 million (previous year: € 182 million) was allocated to the provision for rebates. € 57 million (previous year: € 74 million) was transferred to the compensation fund.

Administrative costs

Administrative costs mainly relate to expenses in connection with membership administration and overall operations, and total € 38 million (previous year: € 39 million).

PSVaG's provisions

To cover its obligations arising up until 31 December 2022, the PSVaG allocated a total of € 4.5 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%.

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%	523
2007 – 2011	3.00%	915
2012 – 2014	2.33%	559
2015 – 2016	1.67%	267
2017 – 2021	1.20%	1,580
2022	0.33%	172
Total		**4,015**

The average interest rate for the insured entitlements, weighted according to present value, is 2.08%.

A total of € 3.7 billion has been allocated to the provision for rebates, compensation fund and loss reserve.

The Consortium's provisions

As at December 2022, the Consortium had created provisions in the anticipated amount of € 12.3 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

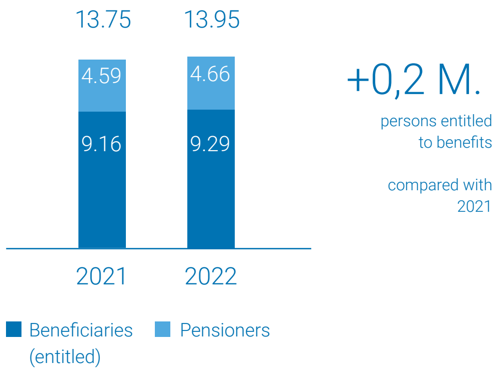
Number of members

The PSVaG had approximately 101,300 members as at 31 December 2022, an increase of around 1,900 compared with the previous year. This rise is the net result of approximately 4,800 new memberships and the termination of some 2,900 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 13.95 million persons with entitlement to benefits reported by our members in 2022, an increase of 0.2 million compared with the previous year. It is possible that employees and former 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 2012 (totalling € 304 billion) and 2022 (totalling € 373 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 %

	2022	2012
Direct pension commitments	**85.5**	87.2
Pension relief fund commitments	**10.6**	11.5
Pensionskasse commitments	**2.4**	
Pension fund commitments	**1.4**	1.2
Revocable direct policies or direct policies presented as security	**0.1**	0.1

Capital investments

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 € 0.1 million. 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.

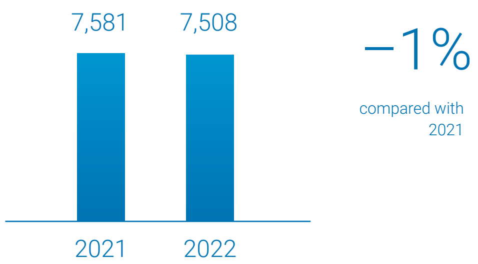
Breakdown of membership by size category

Contribution assessment base in € millions	Percentage of members	Percentage of total contribution assessment base
up to 0.1	62.3	0.4
0.1 – 0.5	18.3	1.1
0.5 – 1.0	5.6	1.0
1.0 – 5.0	8.3	4.8
more than 5.0	5.5	92.7

Market and portfolio performance

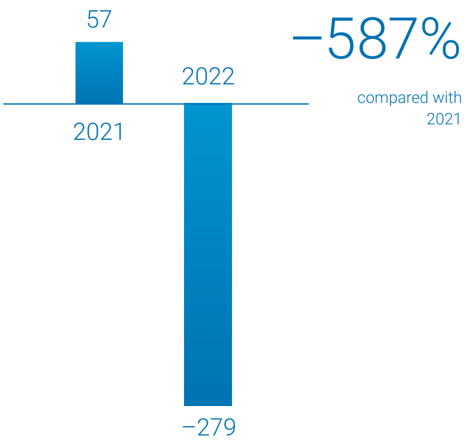
The year 2022 was shaped by extreme events. Inflation in Europe had already been rising due to sharp increases in energy prices and the knock-on effect on the cost of food and consumer goods before Russia's war of aggression in Ukraine exacerbated the situation. To combat inflation, the US Federal Reserve, the ECB and other major central banks embarked on a cycle of interest rate hikes, prompting a sharp rise in capital market yields too. European government bonds shed almost 20% of their value, as equities plummeted, down between 10 and 20% with strong fluctuations. All of these factors meant that diversification of investments did not work during the year under review. In such a hostile environment, the PSVaG's investments recorded a loss of 12.4% despite early action to hedge the equity risks. The major loss in market value resulted in nearly all of the hidden reserves being lost. In particular, the sharp interest rate hike slashed market value in the direct portfolio. Given the high quality of the stocks, however (average rating of AA-), we are not anticipating any future defaults, which means that the losses are temporary. The investments will generally be held until final maturity. The net return on the basis of the GDV formula was – 3.7% due to write-downs.

Book value of capital investments in € millions



The book value of capital investments rose slightly to total € 7,508.3 million (previous year: € 7,581.0 million). Net additions of € 257.0 million to fund investments and the direct portfolio were more than offset by write-downs totalling € 329.6 million. All investments measured at amortised cost were valued, as previously, 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 again not applied.

Income from capital investments in € millions

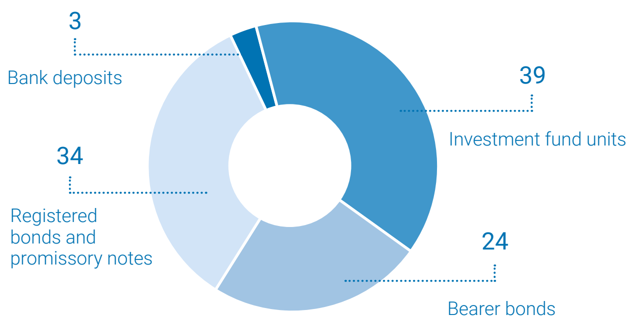


Net income from capital investments totalled −€ 278.9 million (previous year: +€ 57.3 million). This includes write-downs of € 329.6 million, of which € 315.5 million related to temporary losses in the market value of bearer instruments in the direct portfolio, due to rising interest rates, and € 14.1 million to investment certificates. No dividends were distributed from the funds during the reporting year. Income from the direct portfolio rose slightly, to reach € 54.2 million (previous year: € 52.8 million).

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 were always prioritised during investment decision-making. New investments were also focused on securities with shorter maturities. Investments in investment certificates related exclusively to German special alternative investment funds (AIF) and a Luxembourg special AIF. 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 %



A total amount of € 787.1 million (book value) was invested in bonds and time deposits for the direct portfolio during the reporting year. Accounting for almost 50%, short-term investments dominated. In recognition of the importance of quality in the difficult market environment, new investments were made in governments or government-related issuers (29%) and Pfandbriefe (38%). The average rating for new investments as a whole was AA. Securities and time deposits worth € 658.8 million were redeemed by the issuers. No selling took place in the direct portfolio. There was a total of € 150.0 million of new investment in funds.

Investment strategy

Strategic asset allocation (SAA) forms the basis of investment management, and is regularly reviewed and updated. Two unscheduled reviews were carried out in the reporting year. As well as focusing on the return target derived from the liabilities, these focus on a conservative risk-return 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 only contains issues with an investment grade rating (average rating of AA-) and the aim is to achieve 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). Consequently, sustainability aspects were further incorporated into the PSVaG's investment portfolio in 2022.

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. In 2021, we developed an ESG benchmark to manage ESG quality in the direct portfolio. ESG scores are used to identify issuers that represent a higher level of sustainability risk. 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. Repeated analysis of physical and transitory risks of climate change again resulted in only minor medium and long-term effects.

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

Employees

The number of PSVaG employees increased in 2022, which was mainly attributable to the additional workload involved in providing insolvency protection for *Pensionskasse* commitments.

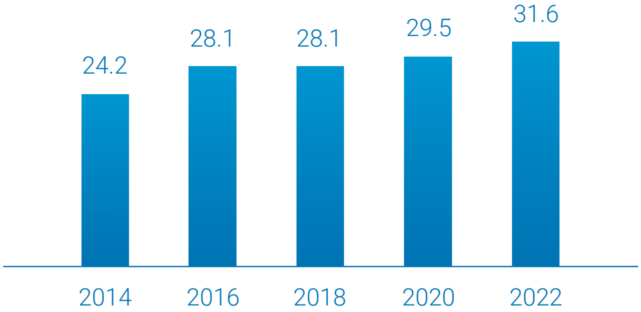
Number of employees

	2022	2021
Full-time	**186**	181
Part-time	**86**	73
Suspended employment[1]	**22**	21
Total	**294**	275
Effective no. of employees	**242.5**	230.7
Average no. of employees	**286.2**	270.4

Another factor was the level of staff interest in working fewer hours and having more leisure time. The proportion of part-time employees has grown consistently over recent years, reaching almost one third of staff at 31.6% in 2022. Many employees also take advantage of the collectively agreed arrangement that enables them to convert part of their special payment into up to five additional days of leave. The issue of work/life balance is very important to the PSVaG, and it is not just employees with children or who have parents and close family members in need of care that are interested in part-time arrangements. Requests for part-time work are also made on the grounds of changed leisure needs or health restrictions.

An increasing number of men are now also working part-time or taking parental leave in order to be more involved in childcare.

Development of part-time rate in %



The coronavirus pandemic also impacted on numerous aspects of the working environment. In addition to concluding a company agreement on mobile working, the PSVaG has expanded its working time framework. Flexible working time arrangements and the options for mobile working and digital learning are increasingly becoming an integral part of the modern working world, helping to boost employee satisfaction and commitment, as well as the attractiveness of PSVaG on the labour market. This is confirmed, among other things, by good employer ratings on the relevant social media platforms.

The proportion of women managers at the PSVaG has risen consistently over the last ten years and currently stands at 45%. This demonstrates our long-term dedication to equal opportunities in personnel policy and career development.

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

Selected personnel key figures

	2022	2021
Part-time rate	**31.6%**	29.0%
Average age	**43.8 years**	44.4 years
Length of service	**11.5 years**	12.3 years
Proportion of women	**53.3%**	54.8%
Proportion of women in executive positions	**45.0%**	43.6%

The complex nature of the PSVaG's work means that our employees must be highly qualified and have specialist knowledge. The majority of our employees therefore have a university degree.

Our staff's specialist knowledge must also be constantly updated and expanded. Training courses offered by commercial CPD providers are used for this purpose. For the most part, very specialist expert knowledge is acquired through extensive induction programmes and in-house training. In 2022 every employee attended an average of 1.9 training courses, which is more or less back to pre-pandemic levels of CPD.

Other important issues such as digitalisation, demographics, lifelong learning and agile working are making new demands of management styles and working relationships. In this context we support our managers and staff with a wide range of offerings.

Risk report

Aims 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).

In line with the PSVaG's Articles of Association, its sole purpose is to provide insolvency insurance for occupational pensions in the Federal Republic of Germany and in the Grand Duchy of Luxembourg. Due to the obligation of the employers concerned to pay contributions (Section 10 of BetrAVG), there is no general risk of the PSVaG becoming insolvent, and its risk-bearing capacity is therefore unlimited. On a de facto basis, this capacity is limited by the financial strength of the member companies. A combination of uncertain claim amounts, limits on the ability to foresee how investments would perform in the event of a crisis, and uncertainty around the future creditworthiness of its member companies make it impossible for the PSVaG to determine the absolute amount of its risk and the limit of its risk-bearing capacity.

Additionally, due to the statutory obligation to contract, the PSVaG is only able to limit underwriting risks to a very limited extent. Diversification of risk-bearing capacity is inherent to the model. Risk-bearing capacity can also only be improved marginally by transferring risk to third parties. In a scenario in which the member companies were no longer able to finance the benefits, it seems unlikely, given the interconnected nature of the financial economy, that third parties would be able to step in.

Against this background, the legislator has imposed solvency requirements on the PSVaG. As a general rule, the requirements for small insurance companies (Solvency I) apply accordingly, with enhanced recognition of own funds. The German Federal Financial Supervisory Authority (BaFin) may also stipulate that further funds may be counted towards equity capital and extend deadlines for restoring solvency. For this reason, the PSVaG's risk management system is not geared towards protecting against its own insolvency, but rather is focused around the achievement of its objectives.

Quality improvements were made to the risk management system in 2022, along with changes to the corporate strategy. This also took into account changing estimates due to higher interest rates and the new and challenging capital market situation as a whole. Variations in the expected volume of claims are now taken into account as an economic risk, even if the PSVaG has no de facto influence on this risk. In addition, early warning levels and risk thresholds have been redefined, taking into account the impact on the required contribution. If these are exceeded, extended risk monitoring is carried out or measures designed to address the risk situation are introduced to stabilise the PSVaG.

Risk management supports the sustainable development of the PSVaG. Assuming risks in a controlled manner is part of the core business of an insurance company; in the capacity of a mutual insurance company, the PSVaG may also pursue long-term strategies, particularly in the area of capital investment.

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 responsible departments control and monitor risks, and these risks are recorded in the internal control system (ICS). 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 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 briefed 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 volume of claims essentially depends on the number of insured cases (insolvencies) in the financial year. Claim expenses depend both on the number of insolvencies and on the cost per insured insolvency. A high volume of claims may result in unexpectedly high contribution levels. The inherent actuarial risk from insolvency events is the greatest risk to the PSVaG, which is also exposed to longevity risks from benefit entitlements and the risk that beneficiaries (entitled) apply for their benefits earlier than expected. As the review of the pension schemes is in some cases not completed until several years after the occurrence of the insured event, there is also a reserve risk, i.e. the risk that the provision for outstanding insurance claims will be insufficient. The volume of claims is also dependent on the pension trend, in other words assumptions about pension adjustments.

There is the risk that income pursuant to Section 9 of BetrAVG could be lower than expected.

The contribution assessment base of all member companies is used to calculate the membership contribution due. There is a risk that the total contribution assessment base could develop differently from expected.

The development of the PSVaG's claim volume depends heavily on the general economic situation and is therefore not independent of investment performance. How it develops is also strongly dependent on the legal situation (obligation to file for insolvency) and the economic policy being pursued by the Federal Government or state governments.

As well as the impact on the contribution rate, the PSVaG's actuarial risks can also have an impact on its liquidity and ability to operate (e.g. number of cases to be processed). These risks are limited by means of liquidity management and by prioritising the processing of benefits.

Capital investments

The PSVaG's risk strategy was reviewed during the reporting year. This also involved revising the risk management of capital investments. Despite falling market values as a result of interest rate levels, it is clear that the PSVaG continues to have sufficient risk capital at its disposal. No adjustment of the strategic asset allocation (risk reduction) was required.

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:

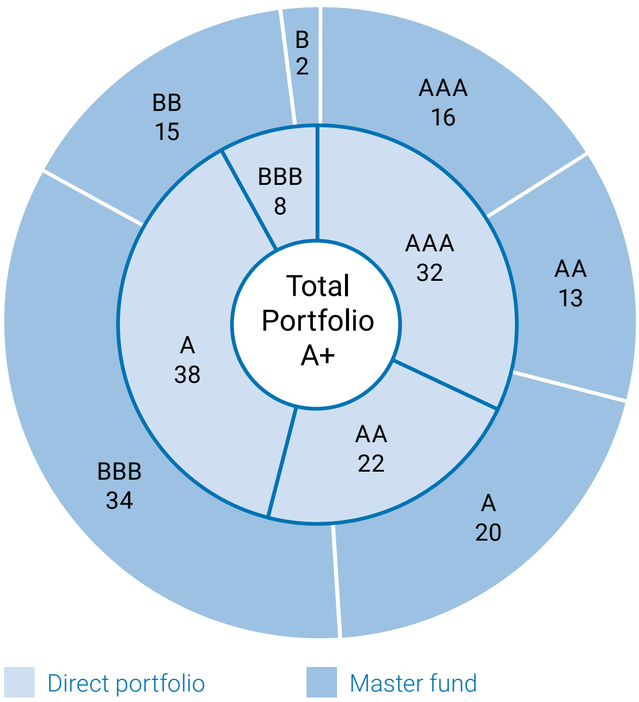
Direct portfolio according to debtor category in %

	2022
Companies	30.6
Savings banks and regional banks	25.3
Volksbanks and Raiffeisenbanks	13.8
Private banks	12.9
Development and investment banks	6.1
Federal Länder and foreign regions	4.9
Local authorities	3.3
Public-law corporations and institutions	2.5
State	0.6

An additional limit system is in place at sector level to tackle concentration risks.

The high level of investment in fixed-income papers means that the investment portfolio is subject to the risk of changing interest rates. The interest rate sensitivity (modified duration) of the investments has fallen from 4.83% in 2021 to a current level of 4.00%. 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, The average rating in the direct portfolio is AA-. The average rating in the master fund is A-. Overall, the average rating for the portfolio is A+.

Breakdown of investment ratings in %



The PSVaG holds four special funds. 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. 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 PSVaG is exposed to many operational risks that typically affect insurance undertakings, including in IT, processes, employee placement, trading, or the use of service providers. There are also PSVaG-specific risks, notably risks associated with changes in the law and risks arising from the consortium agreement.

In addition to the economic impact from operational risks, particularly on administrative costs, there are risks to liquidity, reputation, corporate strategy and the sustainable development of the PSVaG.

The greatest economic risk is the risk that the profit share of the consortium members will be lower than expected. A lower profit share has a direct impact on the contribution rate. The PSVaG's influence on the level of profit sharing is minimal.

Electronic data processing is one of the main risk focuses. System availability in 2022 is estimated as having been 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.

There is a general risk associated with changes to the law and the risk that legal decisions made in individual cases will also apply to other areas of the PSVaG. This could impact on its obligation to pay benefits.

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 also a risk that third parties may no longer be able to perform the agreed service or may demand a higher price for the same service.

Additionally, risks can arise from erroneous or malicious acts by employees or third parties. To protect against such risks, the PSVaG has a hierarchical system of authority encompassing signature and authorisation rules, duties and controls. This system, which is subject to ongoing development, flanks the business processes and is implemented through detailed organisational documents and appropriate technical measures. 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).

With regard to risks that pose a threat to the PSVaG's ability to operate, measures and contingency plans are in place to minimise harm.

Summary of the risk situation

Based on its own assessment, the PSVaG fulfils all relevant regulatory requirements and considers itself to be appropriately positioned in terms of risks and future requirements.

The uncertain economic situation and further increases in interest rates could push up insolvencies and trigger major negative effects on the capital markets, which would result in a higher contribution rate. There are no further significant changes to risks compared with the previous year. There were no developments detected that jeopardise the PSVaG's continued existence.

Opportunities and aims for 2023

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, together with 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, single-digit percentage can generally be expected to be paid.

Forecast and outlook

The level of claims during the first few weeks of 2023 was on a par with the previous year. Some of the insolvencies filed in 2022 were not declared before the end of the year. The previous year's provision for rebates will cover the majority of the resulting expenses. It is not currently possible to provide a reliable forecast on subsequent events, not least given the incalculable economic effects of higher interest rates and inflation. Generally, we expect claims to normalise in 2023.

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 volume of claims, and thus also the required volume of contributions, is heavily dependent on major claims in particular, but also, as the past year showed, on how the capital markets perform.

We are also anticipating lower income from the Consortium dividends for the PSVaG, coupled with slightly higher income as defined in Section 9 of BetrAVG compared with the previous year.

Following the devastating investment year for equities and pensions in 2022, the outlook for capital investments continues to be characterised by a high degree of uncertainty, despite many indicators of a stagnating rather than declining economy. Likewise, inflation appears to have peaked. But geopolitical risks can manifest themselves at any time with a significant impact on society and the economy, and the energy crisis has yet to be overcome. The increased uncertainty is being monitored with a focus on safe issuers and shorter maturities. As a general rule, strategic asset allocation and cash flow matching will be maintained. Interest income is expected to grow slightly.

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.

Administrative costs will be slightly higher than in the previous year, mainly due to further pay increases in the current year and the digitalisation measures required at the PSVaG. 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 relevant allocations will be needed.

The impact of coronavirus is expected to decline overall, as the pandemic appears more manageable.

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

Cologne, 10 February 2023

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 2022

Assets in €

	2022	2021
A. Intangible assets	668,348.64	561,659.33
B. Investments		
Other financial investments		
1. Shares, units or shares in investment funds, and other variable-yield securities	2,577,956,251.98	2,442,064,117.49
2. Bearer bonds and other fixed-income securities	1,821,701,869.85	2,188,855,774.85
3. Other loan receivables		
a) Registered bonds	1,769,000,000.00	1,636,000,000.00
b) Promissory notes and loans	1,114,174,761.97	1,097,553,945.97
4. Bank deposits	225,500,000.00	216,500,000.00
	7,508,332,883.80	**7,580,973,838.31**
C. Receivables		
I. Accounts receivable on direct written insurance business from policyholders	89,458,046.69	28,915,386.93
II. Other receivables	613,069.61	98,853.52
	90,071,116.30	**29,014,240.45**
D. Other assets		
I. Tangible assets and stocks (inventories)	5,079,783.51	4,812,564.19
II. Cash at bank in current accounts, cheques and cash in hand	568,938,613.81	461,620,474.17
	574,018,397.32	**466,433,038.36**
E. Accruals and deferrals		
I. Accrued interest and rent	33,953,942.35	30,047,721.33
II. Other prepayments and accrued income	50,032,111.08	43,744,414.58
	83,986,053.43	**73,792,135.91**
Total assets	**8,257,076,799.49**	**8,150,774,912.36**

Liabilities in €

	2022	2021
A. Capital and reserves		
Revenue reserves Loss reserve pursuant to Section 193 of VAG	**201,560,000.00**	**201,560,000.00**
B. Technical provisions		
Contributions carried forward	0.00	0.00
Provision for insurance claims outstanding	4,468,114,794.96	4,448,422,524.74
Provision for bonuses and rebates	205,966,531.38	182,114,996.91
Other technical provisions (compensation fund pursu- ant to Section 5, para. 2 of the Articles of Association)	3,317,000,000.00	3,260,000,000.00
	7,991,081,326.34	**7,890,537,521.65**
C. Provisions for other risks and charges		
Provisions for pensions and similar obligations	58,899,298.00	53,352,567.00
Other provisions	3,891,040.00	3,779,925.00
	62,790,338.00	**57,132,492.00**
D. Other liabilities		
Accounts payable on direct written insurance business to policyholders	853,720.23	864,655.78
Other liabilities, of which taxes: € 4,981.95 (2021: € 3,124.59)	316,047.00	631,587.63
	1,169,767.23	**1,496,243.41**
E. Accruals and deferrals	**475,367.92**	**48,655.30**
Total liabilities	**8,257,076,799.49**	**8,150,774,912.36**

Income Statement

for the period from 1 January 2022 to 31 December 2022

Technical account in €

	2022	2021
Earned premiums		
Premiums written	686,722,751.33	307,312,399.02
Change in contributions carried forward (release)	0.00	82,022,300.79
Amount released from the previous year's provision for rebates pursuant to Section 6 of the Articles of Association	182,114,996.91	359,031,258.38
	868,837,748.24	**748,365,958.19**
Other technical income	**269,403,180.24**	**201,174,843.29**
Expenses for insurance claims		
Payments for insurance claims	562,736,526.21	679,611,126.23
Change in provision for claims outstanding (allocation)	19,692,270.22	45,444,974.28
	582,428,796.43	**725,056,100.51**
Change in other technical provisions (allocation to compensation fund)	**57,000,000.00**	**74,000,000.00**
Expenses for bonuses and rebates	**205,966,531.38**	**182,114,996.91**
Operating expenses	**11,752,280.63**	**11,388,406.24**
Other technical expenses	**37,256.19**	**82,248.35**
Balance of the technical account	**281,056,063.85**	**– 43,100,950.53**

Non-technical account in €

	2022	2021
Investment income		
Income from other investments	54,189,493.47	81,562,295.80
Income from value readjustments on investments	0.00	88,391.00
Gains on the realisation of investments	179,000.00	1,330,378.80
	54,368,493.47	**82,981,065.60**
Investment expenses and charges		
Investment management expenses, interest on borrowings and other investment-related expenses	3,440,583.17	3,285,432.36
Value adjustments on investments	329,602,789.66	21,771,374.20
Losses on the realisation of investments	199,447.00	665,233.14
	333,242,819.83	**25,722,039.70**
Other income	**812,000.19**	**45,318.06**
Other expenses	**2,993,737.68**	**5,823,393.43**
Profit for the year (operating profit from ordinary activities)	**0.00**	**8,380,000.00**
Transfers to revenue reserves: loss reserve pursuant to Section 193 of VAG	**0.00**	**8,380,000.00**
Balance sheet profit/balance sheet loss	**0.00**	**0.00**

10-year overview[1]

Overview of the development of the Pensions-Sicherungs-Verein from 2013 to 2022

Financial year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
No. of members as at 31 Dec.[2]	93,765	94,034	94,078	94,482	94,795	95,100	95,250	95,000	99,400	**101,300**
Contribution rate in ‰	1.7	1.3	2.4	0.0	2.0	2.1	3.1	4.2	0.6	**1.8**
Contribution assess-ment base in € billions	312	320	327	333	339	345	348	354	368	**373**
Total contributions in € millions	544	419	787	2	679	737	1,081	1,487	242	**685**
No. of insurable cases	746	597	515	458	468	397	434	523	298	**275**
Claim volume in € millions	781	399	862	507	659	660	1,188	1,591	725	**582**
No. of benefit recipients reported	12,147	4,192	8,564	5,023	5,300	8,300	4,300	18,900	4,900	**4,800**
No. of beneficiaries reported with non-forfeitable entitlement	15,939	6,874	10,116	8,890	9,800	10,500	14,100	33,100	9,300	**9,400**
Total assets in € millions as at 31 Dec.	4,784	5,001	5,511	5,355	5,931	6,511	7,512	8,277	8,151	**8,257**
Investments in € millions as at 31 Dec.	4,436	4,853	5,248	5,292	5,620	6,235	7,306	7,050	7,581	**7,508**
Compensation fund in € millions as at 31 Dec.	1,238	1,798	1,962	1,998	2,507	2,986	3,132	3,186	3,260	**3,317**
No. of PSVaG employees[3]	230	232	228	226	228	234	246	256	270	**286**

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 2022.

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 2022, 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%

Contact details

Address:
Pensions-Sicherungs-Verein
Versicherungsverein auf Gegenseitigkeit
Edmund-Rumpler-Straße 4
51149 Cologne
Tel.: +49 2203 2028 0
e-mail: info@psvag.de
Website: www.psvag.de

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.

Published by:
Pensions-Sicherungs-Verein
Versicherungsverein auf Gegenseitigkeit
Edmund-Rumpler-Straße 4
51149 Cologne

Registered office: Cologne
Register court: Cologne Local Court HRB 6821

PSVaG
Insolvenzsicherung
der Betriebsrenten

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