

PSVaG

PENSIONS-SICHERUNGS-VEREIN

mutual insurance association

Summary of Annual Report 2010

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PENSIONS-SICHERUNGS-VEREIN
mutual insurance association

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The complete annual report 2010
is available in German.

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Cologne
Dr. Hermann Peter Wohlleben,
Cologne

Management Report

Functions and responsibilities of the PENSIONS-SICHERUNGS-VEREIN – object insured

The PENSIONS-SICHERUNGS-VEREIN mutual insurance association (PSVaG) is an institution entrusted by law with responsibility for insuring corporate pension funds against insolvency; its sole purpose is to guarantee payment of corporate old-age pension benefits in the event of insolvency under the provisions of Section Four of the Corporate Old-Age Pension Improvement Act (BetrAVG) in the Federal Republic of Germany and the Grand Duchy of Luxembourg.

Covered by insolvency insurance are those pension schemes for which the fulfilment of accrued corporate pension entitlements is endangered by the employer's insolvency. These include

1. direct benefit assurances, also known as direct assurances
2. indirect benefit assurances through
 - a) pension relief funds,
 - b) direct pension insurance plans – only for revocable entitlements or for irrevocable entitlements that have been assigned, presented as security against loans or attached – and
 - c) pension funds.

On the basis of a General Agreement (§ 8, Paragraph 1, BetrAVG in conjunction with § 2, Paragraph 2 of the statute), the PSVaG transfers old-age pension benefit payment obligations assumed as a result of the insolvency of an employer to a consortium of (currently) 52 Life Insurance companies (see list of consortium affiliates, page 21). Executive insurer of the consortium for the PSVaG is the Allianz Lebensversicherungs-AG, Stuttgart.

Source of funds, financing procedure

Funds used to cover insolvency insurance claims are acquired pursuant to § 10, BetrAVG in the form of contributions by those employers who provide corporate pensions in accordance with one of the pension schemes which are subject to insolvency insurance. The amendments to § 10, Paragraph 2, BetrAVG in force since 2006 require that contributions must be sufficient to cover

- the cash value of claims to insolvency insurance benefits filed during the current calendar year (base accounting interest rate as specified in § 65, VAG);
- the difference between the cash values of insurable entitlements to benefits resulting from insolvencies accrued as of the end of the calendar year and of the preceding year (base accounting interest rate one-third higher than that calculated for current benefits);
- administrative and miscellaneous costs;
- payments made into a compensation fund designated by the Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Agency for Financial Services Supervision) and
- payments to a loss reserve account pursuant to § 37, VAG.

Capitalized values and payable pensions as well as insurable pension entitlements were financed in the respective year of insolvency from contributions received by the PSVaG.

The amounts required are calculated at the end of each year and prorated to all contributing employers. A characteristic feature of this process is the fact that contribution rates reflect differences in claims volumes from one year to another; consequently, an increase in the volume of claims results in an increase in assessed contributions, while a reduction in claims volume leads to lower contribution rates.

Retroactive financing of “old claims“ through one-time contributions

Beginning in 2007, so-called “old claims” – i.e. non-forfeitable entitlements insured through 2005 but not yet financed in 2005 – amounting to 2.2 billion € were financed retroactively through a one-time contribution (see Annual Report 2007, page 8). This one-time amount, which was calculated at a rate of 0.866 percent, is payable in 15 annual instalments, each due on 31 March of the years 2007 – 2021. Alternatively, interest is deducted from all future instalments at a rate one-third above the accounting interest rate applicable at the time of payment in accordance with § 65, VAG (2010: 3.0 %).

A total of 92.0 million € were payable for the 3rd instalment due on 31 March 2010. An addition 750 instalment payers took the option to pay the full amount in advance in 2009. After deduction of the statutory discount, a total of 47.7 million € were paid. Roughly 13,900 employers remain obligated to pay annual instalments totalling 86.6 million € in the years 2011 through 2021.

Cash value of insured entitlements

Roughly 205,000 insured entitlements to future benefits accruing from insolvencies reported during the period ending 31.12.2010 were registered. The total cash value of these entitlements is approximately 3,346.1 million €. These cash values were calculated by Prof. Dr. Klaus Heubeck in accordance with “Richttafeln 2005 G” at the base accounting interest rates prescribed by law, i.e. at 3.67 % for entitlements accruing from insolvencies reported up to 31 December 2006 and at 3.0 % for entitlements from insolvencies reported in 2007.

The amount available to cover insured entitlements is 1,715.2 (2009: 1,577.2) million €, which are entered in the Balance Sheet under “Contributions carried forward” and “Provisions for insurance claims outstanding”. Thus 51 (2009: 47) % of insured entitlements were covered by capital provisions as of 31 December 2010.

Levelling of contribution peaks

In addition to the previously existing option of drawing from the compensation fund, which requires the consent of the regulatory authority, Art. 10, Paragraph 2, Sentence 5, BetrAVG in the version in effect also provides another instrument to be used for the purpose of levelling contribution peaks. According to this provision, the portion of required annual contributions which exceeds those of the preceding year can be distributed over the four following years. This provision was applied for the first time in 2009 (see below).

Assessment of contributions, total contributions

On the basis of the financing scheme prescribed by law, contributions are calculated by the PENSIONS-SICHERUNGS-VEREIN in the following manner:

On the cost side:

Total losses calculated for the full year
(minus income as defined in § 9 BetrAVG),
PSVaG administrative costs,
Additions to the compensation fund,
Additions to the loss reserve.

On the income side:

Investment income minus investment expenses and charges,
Offsetting of the preceding year's provision for bonuses and rebates,
Dividends from the consortium for the preceding year,
Amounts drawn from the compensation fund, if necessary,

Required contributions.

The contributions required on the basis of this calculation reflect the amount reported for 2010 by participating firms as the contribution assessment base, a total of 289 (2009: 285) billion €. On the basis of the calculation, the contribution rate for 2010 was set at 0.19 per cent.

The weighted average contribution rate for the past five years is 0.49 percent. The average rate for the past ten years is 0.45 per cent. The average rate for all past business years (36 years) is 0.32 per cent. Total contributions in 2010 – excluding payments due on Dec. 31, 2011 for amounts distributed over the next four years in 2009 and excluding one-time contributions – amounted to 549.2 million € (2009: 4,068.1 million €).

A decision regarding the assessment of an advance payment for 2011 will be taken during the first six months of 2011.

Assets, financial status and earnings

The calculation of contributions made in November 2010 reflected anticipated claims for the full year 2010 as projected on the basis of previous years' levels. As is the case every year, it was necessary to estimate/project losses for the last two months of the year.

The Annual Financial Statements for 2010 reflect a slight improvement in the financial situation as compared to the figures used as a basis for the calculation of contributions. Most notably, the amount of benefits paid on the basis of insolvencies during the last few months of 2010 was lower than expected. This also affected obligations based on insured entitlements, which rose only slightly from the preceding year. Consequently, 67.4 million € were set aside as a provision for contribution reimbursements and will be used to reduce contributions for 2011.

Claims volume

The total claims volume was 648.7 million €. This total includes expenditures for insured benefits according to the Profit and Loss Statement (1,077.6 million €) minus the portion of contributions for 2009 in the amount of 428.9 million €, which fell due on December 31, 2010 and are included under booked contributions.

Capital investments

The value of capital investments rose during the past business year by 198.0 million € to 3,568.5 (2009: 3,370.5) million €. All capital investments carried over at net book value were calculated in accordance with the strict lower-of-cost-or-market principle for balance-sheet purposes. Other bank loans and deposits were entered at nominal value in the balance sheet.

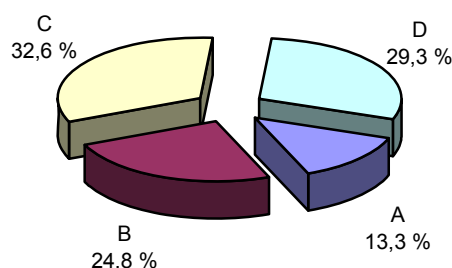
The method used to assess the value of special fund shares was changed. Previously, each fund share was assessed at net book value. Because the shares were acquired at different points in time, identical share certificates were assigned different book values. In order to simplify the process of managing the share portfolio, the different book and purchase values of identical share certificates were converted to their average values. In future, this adjustment will be made for every newly purchased share certificate for special funds in the portfolio.

As share prices were rounded, the book values of each fund changed only insignificantly as compared to those assessed using the old method.

As in past years, the PSVaG pursued a cautious capital investment policy focused on the sound financial standing of emitters of bearer and registered bonds and promissory notes and a consistent "buy and hold" strategy. Investments in investment certificates were restricted to special funds in which the PSVaG is the sole investor. These serve not only to diversify capital investments but also to increase the prospects of return. Deposits at banks are required for the settlement of claims in 2011 and have corresponding maturity dates.

A total of 499.9 million € (2009: 672.5 million €) was invested in long- and short-term securities during the reporting year. Of that total, 331.7 million € were invested in bonds with maturity dates ranging from 2012 to 2020, 70 million € in special stock funds and 98.2 million € in special bond funds.

Capital investment structure



A = fund units

B = bearer bonds

C = registered bonds and promissory notes

D = bank deposits (time deposits)

Net return on investments (capital gains) amounted to 101.6 (2009: 106.8) million €.

Membership

The number of member firms rose by 31 December 2010 to 83,322 (2009: 76,029). The net increase of 7,293 member firms reflects the balance of 9,747 new accessions and 2,454 firms whose membership ended during the year. Accession included in particular employers who were required to insure themselves against insolvency in order to cover income conversion assurances through reinsured group relief funds. Most of terminated memberships resulted from mergers, insolvencies, suspensions of membership following clarification of obligations or termination of corporate pension schemes due to fulfilment of pension obligations or the death of the last person entitled to benefits.

Number of persons entitled to benefits

The number of persons reported by members as entitled to insolvency insurance benefits is:

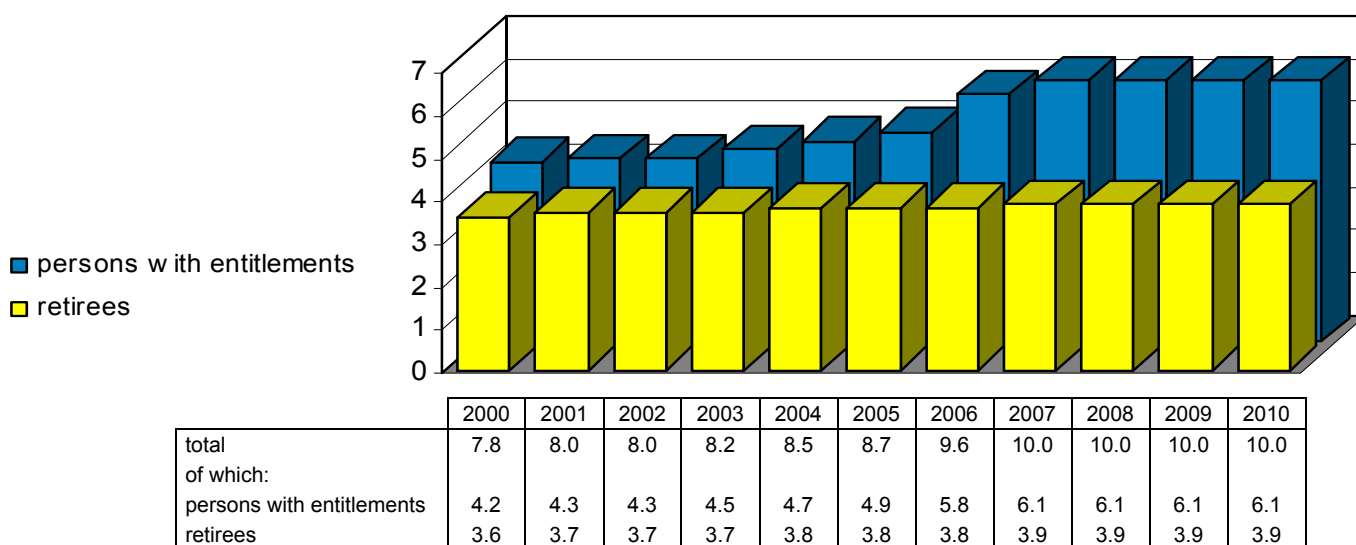
	2010	2009
Persons entitled to benefits (non-forfeitable entitlements)	6,095,591	6,125,471
Retirees	3,866,656	3,842,260
Total	9,962,247	9,967,731

If a given employer offers multiple pension schemes, beneficiaries may receive several different payments.

The figures in the table above have developed as follows over the past 10 years:

Persons entitled to benefits under insolvency insurance

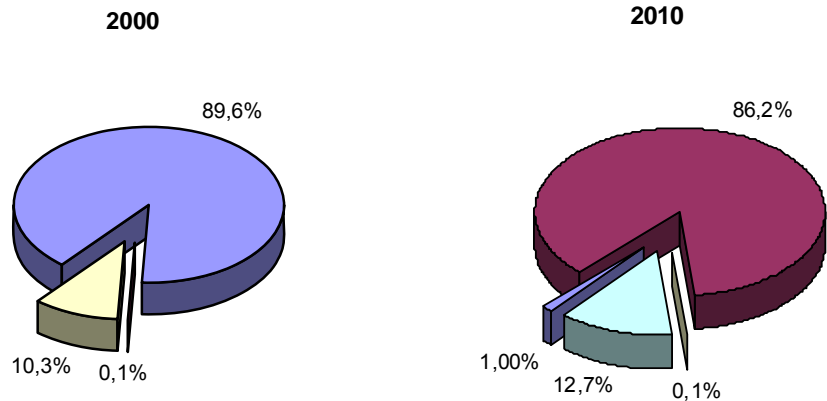
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Distribution of individual contribution assessment bases

A comparison of the relative shares of the different pension schemes in the total contribution assessment bases for the years 2000 and 2010 shows a decline in direct benefit assurances and an increase in relief fund assurances. The share of insured pension funds requiring insurance coverage since 2002 rose by 0.2 percentage points to 1.0%.

Shares of the individual pension schemes



A = direct benefit assurances

B = relief fund assurances

C = revocable policies or policies with outstanding loans

D = Pension fund assurances

Distribution of contribution assessment bases 2010

Contribution assessment base Million €	Percentage shares	
	of members	of total contribution assessment base
up to 0.1	56.9	0.4
0.1 – 0.5	20.9	1.4
0.5 – 1.0	6.5	1.3
1.0 – 5.0	9.9	6.2
over 5.0	5.8	90.7
	<u>100.0</u>	<u>100.0</u>

As the chart indicates, no significant volume changes in the distribution of contribution assessment bases occurred. The percentage of members which account for roughly 90 % of all contributions is roughly 6%.

Distribution of contributions and benefits by size category

In view of the very high volume of claims in certain past years – such as 2005 and 2009 – which was influenced in particular by several major insolvencies, the question arose as to whether the distribution of claims by size category corresponds to the distribution of contributions. The available figures for numbers and volumes of claims/contributions were once again analysed – on the basis of reported contribution assessment bases.

The most recent analysis follows the five previous studies covering the periods 1978 – 1982^{*)} (cf. 1983 Annual Report, page 7), 1978 – 1993 (cf. 1993 Annual Report, pages 9 and 10), 1978 – 1999 (cf. 1999 Annual Report, pages 10 and 11), 1978 – 2002 (cf. Annual Report 2002, pages 10 and 11) and 1978 – 2006 (cf. 2006 Annual Report, pages 10 and 11). Analysis was performed for three assessment-base categories for the entire period 1978 – 2010 and separately for the years 2009 and 2010. The slightly lower figures for the lowest and middle categories resulting from conversion to the Euro (beginning in 2001) had no significant impact on distribution.

The figures for the entire period 1978 – 2010 include the year 2009, which had the highest contribution rate (1.42 per cent) due to the high volume of claims (4,360 million €).

Period 1978 to 2010

Contribution Assessment base million €	Percentage of total		Share of	
	Members %	Insolvencies %	Total contributions %	Total claims %
0 – 0.5	70.4	76.6	2.2	7.6
0.5 – 5	22.9	20.1	9.9	27.5
5 and above	<u>6.7</u>	<u>3.3</u>	<u>87.9</u>	<u>64.9</u>
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

2009

Contribution Assessment base million €	Percentage of total		Share of	
	Members %	Insolvencies %	Total contributions %	Total claims %
0 – 0.5	75.8	76.0	1.8	2.2
0.5 – 5	17.9	17.3	7.6	8.2
5 and above	<u>6.3</u>	<u>6.7</u>	<u>90.6</u>	<u>89.6</u>
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

2010

Contribution Assessment base million €	Percentage of total		Share of	
	Members %	Insolvencies %	Total contributions %	Total claims %
0 – 0.5	77.8	82.0	1.8	15.2
0.5 – 5	16.4	16.5	7.5	55.0
5 and above	<u>5.8</u>	<u>1.5</u>	<u>90.7</u>	<u>29.8</u>
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

On the basis of these findings, it is possible to state once again both for the period 1978 – 2010 and the single years 2009 and 2010 that the member organizations with the largest corporate pension programmes subject to insolvency insurance contributed disproportionately less to total claims.

*) The period covered does not include the first three business years 1975 to 1977, as it was not possible to compile relevant data for these years of development.

Corporate Governance

The German Corporate Governance Code contains nationally and internationally recognized standards for good, responsible corporate management. It is addressed primarily to companies listed on the stock exchange. As a self-help institution serving the German business community, the PSVaG adheres to the principles of the Code and the recommendations and suggestions contained therein, to the extent that they are applicable to and support the specific statutory function of the mutual insurance association.

Internet

Visitors to the Website at "www.psvag.de" will find general information about the PSVaG as well as the by-laws, the General Terms and Conditions of Insolvency Insurance for Corporate Old-Age Pensions (AIB), summaries of the Annual Report in German and English, the most recent versions of all PSVaG leaflets and a list of publications. In addition, several forms for use in meeting reporting obligations and for matters relating to contributions and benefits are available at the Website. The general e-mail-address is „info@psvag.de". To contact a specific member of our staff by e-mail, simply replace the prefix „info" with the name of the staff member in question.

Employees

	Number on <u>1/1/2011</u>	Number on <u>1/1/2010</u>
Actively employed: (including semi-retired part-time employees)		
– full-time	146	136
– part-time	<u>33</u>	<u>32</u>
	<u>179</u>	<u>168</u>
Passively employed:		
– parental leave	9	9
– on passive semi-retired	<u>6</u>	<u>8</u>
	<u>15</u>	<u>17</u>
Total number of employees	<u><u>194</u></u>	<u><u>185</u></u>
Actual employees, i.e. following conversion of part-time to full-time	167.6	156.8

Prospects for 2011

The decline in claims volume observed during the last several months of 2010 did not persist in the early months of 2011. Therefore, no further improvement in the claims situation can be expected.

Furthermore – due to the strong impact of individual occurrences – caution must be exercised in drawing conclusions regarding the volume of claims to be covered by the PSVaG on the basis of developments in the general insolvency rate. Thus no predictions regarding the development of the contribution rate for the current business year can be made at this time. Such forecasts are usually made at mid-year and announced to member organizations in a circular.

Insolvency and benefit payments

The number of corporate insolvencies in Germany declined but remains at a high level. According to figures provided by the Federal Office of Statistics, 31,998 corporate insolvencies were reported in 2010, a decrease of 2.1 % over the preceding year (32,687).

The number of insolvencies insured by the PSVaG also declined as compared to the preceding year. The number of beneficiaries and total expenditures for benefits decreased disproportionately. The primary reason for this is that significantly fewer major insolvencies were reported than in 2009.

Figures compiled by PSVaG are provided in the table below and in the following text. In comparing the statistics for individual years in the table „Insolvency affecting the PSVaG“, it should be noted, however, that the figures for the preceding years represent values carried over (see footnote 1).

Insolvency affecting the PSVaG

Year of insolvency	2008 ¹	2009 ¹	2010	1975 – 2010
I. Insolvencies	544	925	576	14,213
of which:				
1. insolvency including dismissal due to insufficient assets ²	541	925	574	13,993
2. out-of-court settlements	3	–	2	220
II. Persons with benefit entitlements				
1. registered retirees				
a) Number	7,491	79,978	9,313	608,811
b) Total benefits million €	255	3,025	272	14,360
c) average monthly pension €	184	202	171	–
2. persons reported with non-forfeitable entitlements	9,430	90,514	11,040	665,088

¹ The changes in the figures entered under I. and II. as opposed to the values listed in the Annual Report for 2009, page 15, are attributable to late reports of further cases of insolvency which occurred in the respective years received during business year 2010 and to the continuous updating of information based upon follow-up reports containing exact data on the specific cases of insolvency.

² including bankruptcy and judicial settlement proceedings (to 1999) and cases of complete termination of operations in which bankruptcy proceedings are not initiated due to obvious insufficiency of assets.

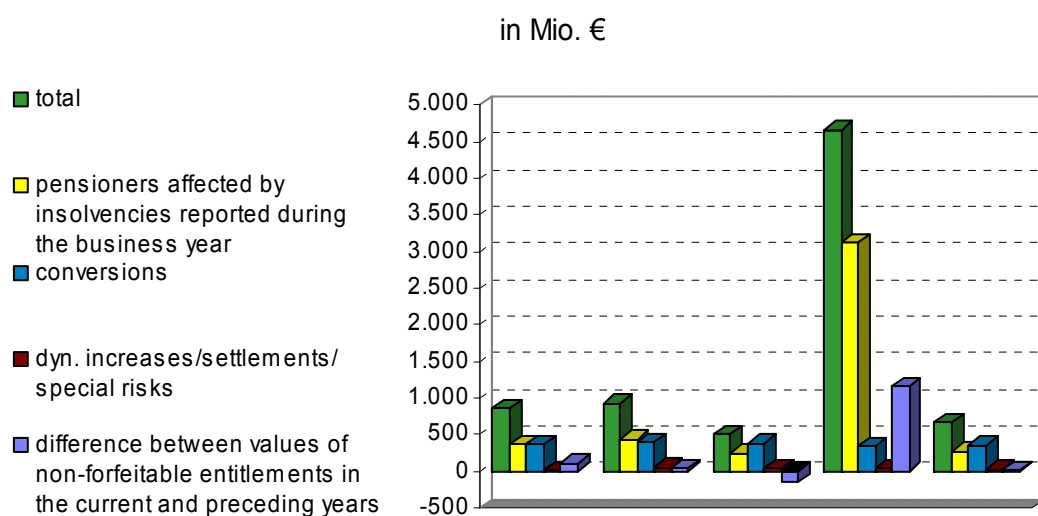
During business year 2010, the PENSIONS-SICHERUNGS-VEREIN was affected by 576 (2009: 817)* cases of insolvency (insurable cases as defined by § 7, Paragraph 1, BetrAVG) involving 9,313 (2009: 80,735) persons receiving benefits and 11,040 (2009: 89,558) persons with non-forfeitable benefit entitlements. This translates into a decrease of 29.5 (2009: + 80.0) % in the number of insolvencies reported and a decrease of 88.0 (2009: + 828.2) % in the number of persons entitled to benefits.

Anticipated benefits expenditures for pensions assumed from insolvencies during the business year amount to 272 (2009: 3,131) million €. Added to this are

* Here, in the following text and in the following graph, this figure does not reflect continuous updating of the total insolvency picture.

the expenditures amounting to 352 (2009: 342) million € for benefits on converted entitlements, as well as expenditures for benefits on pension adjustments in accordance with contractual adjustment clauses, for lump-sum settlements in accordance with Art. 8, Paragraph 2, BetrAVG and for late claims totalling 25 (2009: 33) million €. As in the preceding year, it was not necessary to set aside provisions for special risks. After addition of the difference in the cash values of insured entitlements at the end of the current and preceding calendar years, which amounts to 14 (2009: 1,161) million €, the gross benefit expenditures for 2010 come to 663 (2009: 4,667) million € (see the following table). This figure does not take into account claim adjustment costs, operating results from previous years and revenues as defined under § 9 BetrAVG.

Composition of Gross Benefit Expenditures *



	2006	2007	2008	2009	2010
Total	866	927	511	4,667	663
of which:					
pensioners affected by insolvencies reported during the business year	367	433	248	3,131	272
conversions	367	394	383	342	352
dyn. increases/settlements/special risks	19	59	37	33	25
difference between values of non-forfeitable entitlements in the current and preceding years (first included in 2006)	113	41	-157	1,161	14

The PSVaG recorded income of 139.1 million € (earnings as defined in Art 9, BetrAVG) from insolvency quota payments, transferred relief fund assets and other claims in 2010. These revenues reduce total expenditures for benefit liabilities and the burden of contributions imposed upon member companies. With respect to rights subrogated in 2009, it was necessary to correct the assessed value in one case. As a result, the total amount of -10.9 million € was entered in the books.

The PSVaG is frequently one of the largest creditors in insolvency proceedings due to the statutory subrogation of claims from corporate pensions insured by the PSVaG. Consequently, it participates – in economically significant cases – in the work of the creditor representation body established by law (Creditor Committee). The resulting close co-operation with insolvency executors ultimately serves to promote the fulfilment of the functions and responsibilities of the PSVaG.

* see footnote, page 13

During the reporting year 2010, a total of 63,428 (2009: 48,855) cases of benefit entitlements from all claims years were processed; of these, 49,365 (2009: 34,772) were old-age pension entitlements, including 10,705 (2009: 10,696) conversions. 14,063 (2009: 14,083) of the cases processed involved benefit entitlements with respect to which the PSVaG issued final notice of intent to pay. The total number of cases processed in 2010 resulting in final notice of intent to pay, to which 7,522 (2009: 7,346) cases of pension increases based upon pension adjustment clauses as well as other cases of retroactive insurance, thus amounts to 70,950 (2009: 56,201).

Overview of pension and entitlement cases still pending

Year of insolvency	1975 - 2004	2005	2006	2007	2008	2009	2010	total
1. Pension cases	1	1	3	2,649	3	32,010	1,743	36,410
2. Entitlement cases	185	688	1,394	5,815	5,494	68,202	10,509	92,287
3. Conversion cases	1,276							1,276

The figures for pending pension and entitlement cases shown in the table above also include cases, which have not yet been processed (due to the absence of relevant documents, etc.).

The number of cases involving recipients of benefits still pending at year's end was 36,410 (2009: 59,978). As of the balance sheet reporting date, roughly 1,700 of these (2009: about 4,000) retirees were receiving their corporate pensions by order and from the account of the PSVaG via the old mode of payment until such time as it is technically possible to report these cases to the consortium. In addition, roughly 28,900 (2009: about 47,000) pensioners are currently receiving benefits from special corporate pension funds established by their former employers. Pending pension cases from earlier business years are primarily the result of belated claims, late reports and previously disputed cases that were not settled until shortly before year's end.

The number of still pending entitlement cases was 92,287 (2009: 107,845) as of the balance sheet reporting date. A total of 8,082 (2009: 13,676) unsettled entitlement cases from the years up to 2007 were still on record. Those entitled to benefits will suffer no disadvantages as a result of this situation, however.

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

In order to reduce interruptions in benefit payments resulting from insolvency to a minimum, highest priority is given to the timely processing of pension claims once insolvency has been reported. This objective was achieved again in 2010. A major contributor to this success was the proven approach of continuing the payment of pensions temporarily, i.e. until corresponding reports have been made to the consortium, using the old mode of payment.

High priority is also given to the timely processing of conversion cases. Furthermore, the PSVaG is making every effort to achieve further significant reductions in the number of entitlement cases from previous years. However, due to the irregular incidence and the unforeseeable consequences of insolvency, longer waiting times are likely to remain unavoidable, particularly in entitlement cases.

Annual Financial Statements

Balance Sheet

Assets	€	€	€	2009 € (1,000)
A. Intangible assets			63,998.—	94
B. Investments				
Other financial investments				
1. Shares, fund units and other variable yield securities		475,225,570.—		286,337
2. Bearer bonds and other fixed-income securities		883,731,381.—		765,757
3. Other loan receivables				
a) Registered bonds	915,000,000.—			
b) Promissory notes and loans	250,000,000.—	1,165,000,000.—		1,105,000
4. Bank deposits		1,044,510,000.—		1,213,360
			3,568,466,951.—	(3,370,454)
C. Receivables				
I. Accounts receivable on direct written insurance business from				
Policyholders		112,956,737.79		356,736
II. Other receivables		78,379.21		60
			113,035,117.—	(356,796)
D. Other assets				
I. Tangible assets and stocks (inventories)		1,646,990.—		358
II. Cash at bank and in hand		82,248,054.55		280,065
			83,895,044.55	(280,424)
E. Prepayments and Accrued Income				
I. Accrued interest and rent		29,475,245.23		26,701
II. Other prepayments and accrued income		689,980.—		1,988
			30,165,225.23	(28,688)
Total assets			3,795,626,335.78	4,036,456

31 December 2010

Liabilities	€	€	2009 € (1,000)
A. Capital and Reserves			
Revenue reserves			
Loss reserve pursuant to § 37 VAG		63,600,000.—	62,350
B. Technical provisions			
I. Contributions carried forward	590,056,332.55		571,059
II. Provision for insurance claims outstanding	2,056,488,423.13		2,512,694
III. Provision for bonuses and rebates	67,373,179.12		1,010
IV. Other technical provisions (compensation fund pursuant to § 5 Par. 2 of the statute)	992,500,000.—		874,000
		3,706,417,934.80	(3,958,762)
C. Provisions for Other Risks and Charges			
I. Provisions for pensions and similar obligations	18,801,524.—		12,174
II. Other provisions	2,115,610.—		1,553
		20,917,134.—	(13,726)
D. Other liabilities			
I. Accounts payable on direct written insurance business to			
Policyholders	4,149,687.13		1,129
II. Other liabilities	208,033.85		52
		4,357,720.98	(1,181)
E. Accruals and deferrals			
		333,546.—	436
Total liabilities		3,795,626,335.78	4,036,456

Profit and Loss Account
for the year ending December 31, 2010

Positions	€	€	2009 € (1,000)
I. Technical Account			
1. Earned premiums			
a) Premiums written	1,124,014,047.46		2,467,740
b) Change in contributions carried forward (addition)	- 18,997,775.73		- 9,657
c) Amount released from the previous year's provision for bonuses and rebates pursuant to § 6 of the statute	<u>1,009,677.77</u>		241,624
		1,106,025,949.50	
2. Other technical income		70,049,498.82	27,062
3. Claims incurred			
a) Claims paid	1,533,764,358.81		802,418
b) Change in provision for claims outstanding (addition, 2009 liquidation)	<u>- 456,205,771.96</u>		1,845,813
		1,077,558,586.85	
4. Change in other technical provisions (addition to compensation fund)		118,500,000.—	177,400
5. Expenditures on bonuses and rebates		67,373,179.12	1,010
6. Operating expenses		5,219,281.12	4,769
7. Other technical charges		<u>131,496.36</u>	63
8. Balance of the technical account		- 92,707,095.13	- 104,703
II. Non-Technical Account			
1. Investment income			
a) Income from other investments	94,733,764.39		81,869
b) Value readjustments on investments	21,930,149.—		28,507
c) Gains on the realization of investments	<u>437,371.—</u>		1
		117,101,284.39	
2. Investment expenses and charges			
a) Investment management expenses, interest on borrowings and other investment-related expenses	402,186.54		390
b) Value adjustments on investments	14,812,655.—		2,974
c) Losses on the realization of investments	<u>304,288.—</u>		180
		15,519,129.54	
3. Other income		17,085.80	24
4. Other expenses		<u>1,614,671.52</u>	934
5. Normal operating profit		7,277,474.—	1,220
6. Extraordinary expenditures = extraordinary earnings		<u>- 6,027,474.—</u>	—
7. Profit for the year		1,250,000.—	1,220
8. Transfers to revenue reserves loss reserve pursuant to § 37 VAG		<u>1,250,000.—</u>	1,220
9. Balance sheet profit / Balance sheet loss		<u>—.—</u>	—

**Development of the PENSIONS-SICHERUNGS-VEREIN
from 1 January 1975, commencement of business operations, to 31 December 2010**

Business year	Members	Advance contribution rate	Final contribution rate	Contribution assessment base	Total contributions	Insurable insolvency cases	Claims volume	Benefit recipients reported	Persons with entitlements to benefits	Balance sheet total	Investments	Compensation fund	PSVaG-employees ¹
	Number (31 Dec.)	‰	‰	billion €	million €	Number	million €	Number	Number	million € (31 Dec.)	million € (31 Dec.)	million € (31 Dec.)	Number 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
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	2,242.1	2,194.0	696.6	170
2009	76,029	--	14.2	285.0	4,086.3	925	4,356.3	79,978	90,514	4,036.5	3,370.5	874.0	179
2010	83,322	--	1.9	289.0	549.2	576	648.7	9,313	11,040	3,795.6	3,568.5	992.5	190
					17,407.4	14,213	19,796.1	608,811	665,088				

Total of
1,273,899
persons with entitlements to benefits

¹ including part-time employees or employees in passive employment (parental leave, part-time semi-retirement) - see page 12 (Status Report)

² until 1986 the number of employees as of 31 Dec., including all members of the Board of Management; beginning in 1987, annual average, as specified by the Balance Sheet Guideline Act of 19 December 1985

Members of the Consortium for the PSVaG

The following 52 life insurance companies were underwriting members of the Consortium effective 31 December 2010 (underwriting share in % in brackets):

AachenMünchener Lebensversicherung AG (2.7)	HDI-Gerling Lebensversicherung Aktiengesellschaft (4.1)
Allianz Lebensversicherungs-AG (16.8)	HUK-COBURG-Lebensversicherung AG (0.1)
ALTE LEIPZIGER Lebensversicherung auf Gegenseitigkeit (2.5)	IDEAL Lebensversicherung a.G. (0.3)
ARAG Lebensversicherungs-AG (0.6)	Iduna Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe (3.9)
ASPECTA Lebensversicherung Aktiengesellschaft (0.1)	INTER Lebensversicherung AG (0.3)
ASSTEL Lebensversicherung AG (0.7)	Landeslebenshilfe V.V.a.G. (0.1)
AXA Lebensversicherung AG (5.2)	Lebensversicherung von 1871 a.G. München (0.3)
Barmenia Lebensversicherung a.G. (0.7)	LVM Lebensversicherungs-AG (0.1)
Basler Leben AG (0.7)	Mecklenburgische Lebensversicherungs-Aktiengesellschaft (0.1)
Bayerische Beamten Lebensversicherung a.G. (1.2)	MÜNCHENER VEREIN Lebensversicherung a.G. (0.3)
Bayern-Versicherung Lebensversicherung Aktiengesellschaft (2.2)	neue leben Lebensversicherung AG (0.1)
Concordia Lebensversicherungs-Aktiengesellschaft (0.1)	NÜRNBERGER Lebensversicherung Aktiengesellschaft (3.1)
Condor Lebensversicherungs-Aktiengesellschaft (0.5)	Öffentliche Lebensversicherung Berlin Brandenburg AG (0.1)
Continental Lebensversicherung AG (0.4)	Öffentliche Lebensversicherung Braunschweig (0.2)
Cosmos Lebensversicherungs-Aktiengesellschaft (0.2)	Öffentliche Lebensversicherungsanstalt Oldenburg (0.1)
DBV Deutsche Beamtenversicherung Lebensversicherung AG (2.9)	Provinzial NordWest Lebensversicherung AG (1.2)
Delta Lloyd Lebensversicherung AG (2.0)	Provinzial Rheinland Lebensversicherung AG Die Versicherung der Sparkassen (1.4)
DEUTSCHER RING Lebensversicherungs-Aktiengesellschaft (2.0)	R+v Lebensversicherung AG (2.8)
ERGO Lebensversicherung AG (10.2)	RheinLand Lebensversicherung Aktiengesellschaft (0.2)
FAMILIENFÜRSORGE Lebensversicherung AG im Raum der Kirchen (0.2)	SAARLAND Lebensversicherung AG (0.1)
Generali Lebensversicherung Aktiengesellschaft (9.5)	Schweizerische Lebensversicherungs- und Rentenanstalt/Swiss Life (1.0)
Gothaer Lebensversicherung AG (2.0)	Stuttgarter Lebensversicherung a.G. (0.7)
Hannoversche Lebensversicherung AG (0.7)	SV Sparkassenversicherung Lebensversicherung AG (2.0)
HanseMercur Lebensversicherung AG (0.5)	VGH Provinzial Lebensversicherung Hannover (0.6)
	VOLKSWOHL-BUND Lebensversicherung a.G. (0.8)
	Württembergische Lebensversicherung Aktiengesellschaft (5.0)
	WWK Lebensversicherung a.G. (1.2)
	Zurich Deutscher Herold Lebensversicherung AG (5.2)

Executive insurer of the Consortium for the PSVaG is the Allianz Lebensversicherungs-AG, Stuttgart