Allianz Global Corporate & Specialty

2017

Solvency and Financial Condition Report

Alli

Cautionary note regarding forward-looking statements

Figures shown

Executive Summary

Basis of the report

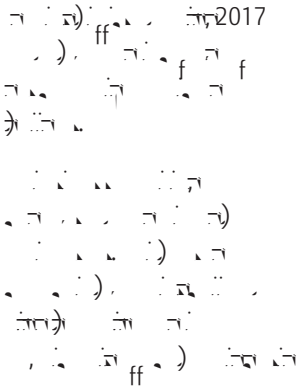
31, 2017, 16 081 782 9 265 582 .

2017, 38 273 198 571 .

851 895) 1 635 935 . 174

A.2 Underwriting Performance

Overall underwriting performance



	2017	2016
	4 035 180	4 072 676
	1 219 725	1 202 436
	-683 778	-632 310
	-577	14 173
	-13 670	-1 805
	-491 276	-450 990
[1]	-393 521	-355 189
[2]	-87 512	-86 189
	-10 243	-9 612
	-2 394	-4 797
	38 273	136 319
[3]	63.2%	59.8%
[3]	33.6%	28.9%
	96.9%	88.7%

1. [illegible]
2. [illegible]
3. [illegible]

Underwriting performance by insurance line

	2017	2016
Direct business and accepted proportional reinsurance		
[illegible]	1 188 427	1 281 899
[illegible]	1 302 674	1 245 688
M[illegible]	747 866	905 186
M[illegible]	317 547	275 424
[illegible]	44 906	48 967
[illegible]1	3 601 420	3 757 164
Accepted non-proportional reinsurance		
[illegible]	292 032	207 193
[illegible]	75 705	46 673
[illegible]	66 023	61 646
[illegible]2	433 760	315 512
Total	**4 035 180**	**4 072 676**

1. [illegible] f [illegible] 2017 [illegible] f [illegible] f [illegible] f

M) 6 389 (7 291)
4 471 (11 033)
2 648 (38)
730 (3 781)).
2017, 11 744 (10 723)
8 897 (8 207)
5 524 (4 732)
2 677 (2 217)

Underwriting performance by country[1]

	2017	2016
	934 772	1 014 841
	692 938	577 002
	529 158	507 835
	368 270	374 426
	166 732	188 403
	96 580	105 026
6	2 788 450	2 767 533
	1 246 730	1 305 143
Total	4 035 180	4 072 676

1.)))), ..05.01) ( ),).
2.))), ..05.01,)))

		[3]		[3]		[4]	
2017	2016	2017	2016	2017	2016	2017	2016
947 685	995 484	- 964 007	- 645 359	- 196 179	- 257 966	- 215 775	88 416
678 510	575 379	- 775 320	- 125 712	- 241 193	- 159 547	- 336 152	291 559
490 210	505 639	- 502 821	- 231 345	- 137 158	- 118 650	- 149 078	172 501
366 604	379 696	- 211 275	- 106 456	- 96 372	- 96 676	59 503	173 764
169 749	181 854	- 88 936	- 71 665	- 59 139	- 62 776	22 116	47 417
98 961	108 334	- 46 255	- 52 484	- 24 944	- 26 771	27 814	29 007
2 751 719	2 746 387	-2 588 613	-1 233 021	- 754 986	- 722 386	- 591 572	802 664
1 233 291	1 323 749	- 618 859	- 750 432	- 327 726	- 357 404	279 559	218 915
3 985 010	**4 070 135**	**-3 207 473**	**-1 983 453**	**-1 082 712**	**-1 079 790**	**- 312 014**	**1 021 579**

166 732 (188 403) 2016
169 749 (181 854)
71 665 88 936
62 729 59
139 22
116 47 417)

96
580 105
026 98
961 (108 334) 2016.
6 229
46 255 (52 484)
26 771 24 944
27 814
29 007

58 413 1 246 730 (1 305 143)
90 458 1 233 291 (1 323 749)
68
207
2016
618 859 (750 432)
34 295 327 726
(362 021) 279
559 258 749

31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
			482	-2 144	-4 416	68 447	452 722
		5		-1 637	-1 612	3 342	3 533
-13 898	-2 086	165	5 676	-39 267	-11 865	4 805	74 922
-4 191	-4 870	442	4 839	-26 533	-13 785	29 372	122 300
-448	-8	4		-4 301	-35	-17	3 103
	-35			-12		3 797	390
				-10 260		95 230	
							870
			-60				68
						-6 405	-9 609
-18 538	-6 999	617	11 005	-84 154	-31 714	198 571	648 298

Securitized investments

f)) f)
) ( ))))
))))) f
))))))) f
))) ( )))
) (M). M) f
)) f
))) f
)) (293 (3))
).

31, 2017,)
)) 77
772 (62 069)) 0 (5 445)
)) 77 772 (56 624)
M) 100 f
f)).

A.4 Development of other activities

),) ,
)))
)

A.5 Any Other Information

f
f f))))

B. System of Governance

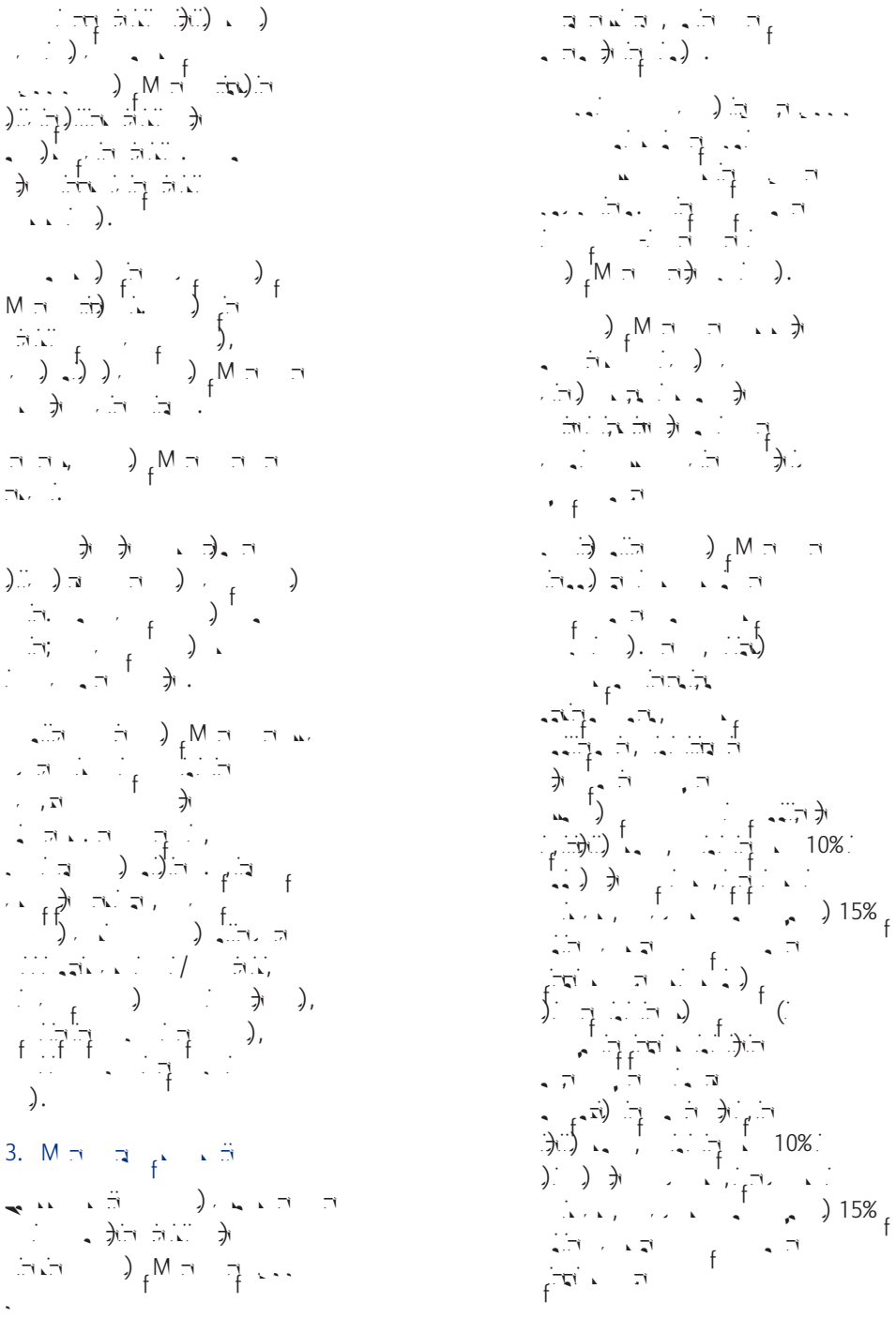
B.1 General Information on the System of Governance

B.1.1. Steering principles of AGCS Global

B.1.1.1 Definitions

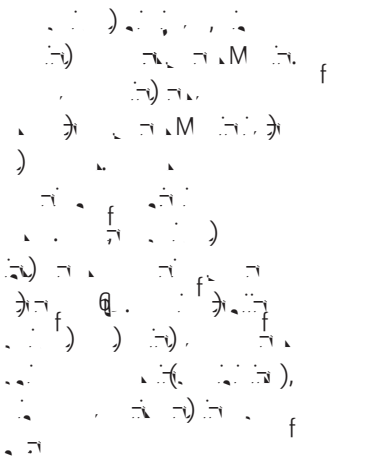
1.

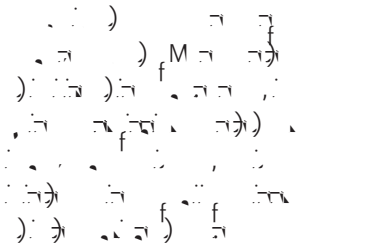
2.

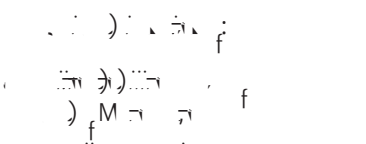


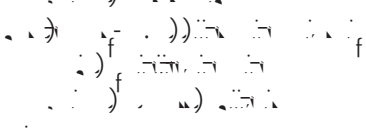
B.1.1.2 Board of Management and Supervisory Board

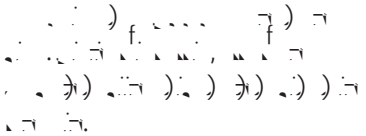
B.1.1.3 Principles and function of the Supervisory Board







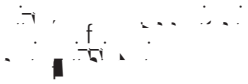




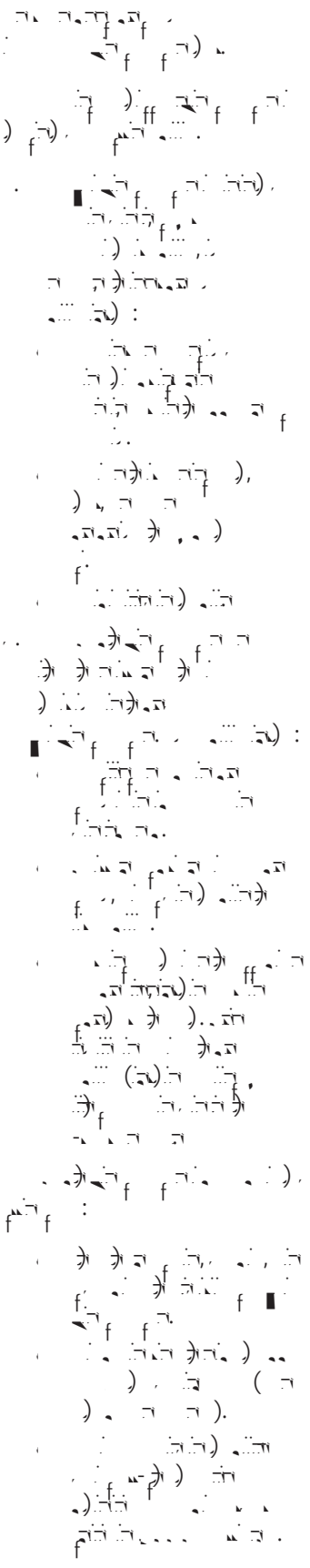
B.1.2. Operational and organizational set-up

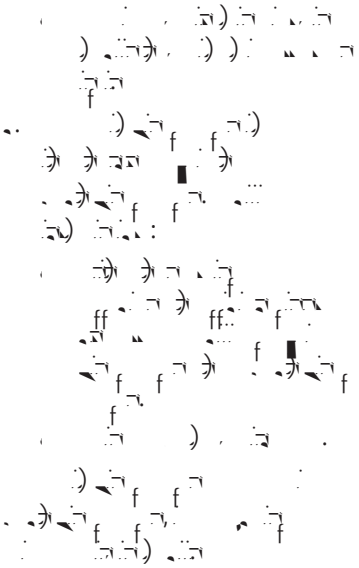
B.1.2.1 Committees

Risk Committee

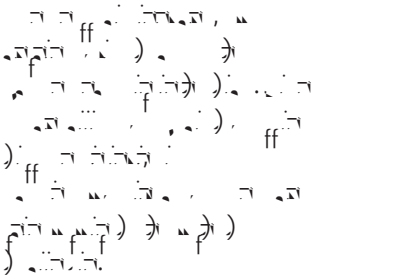


B.1.2.4 Three Lines of Defense Model





B.1.2.5 Reciprocal oversight



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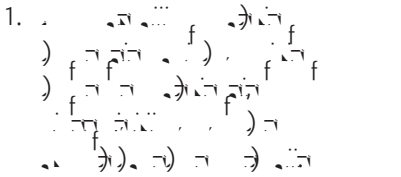
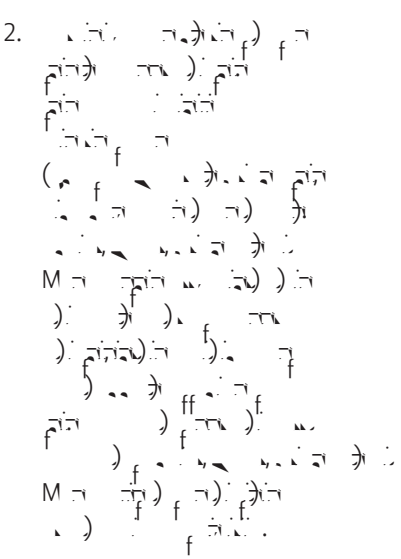


2.

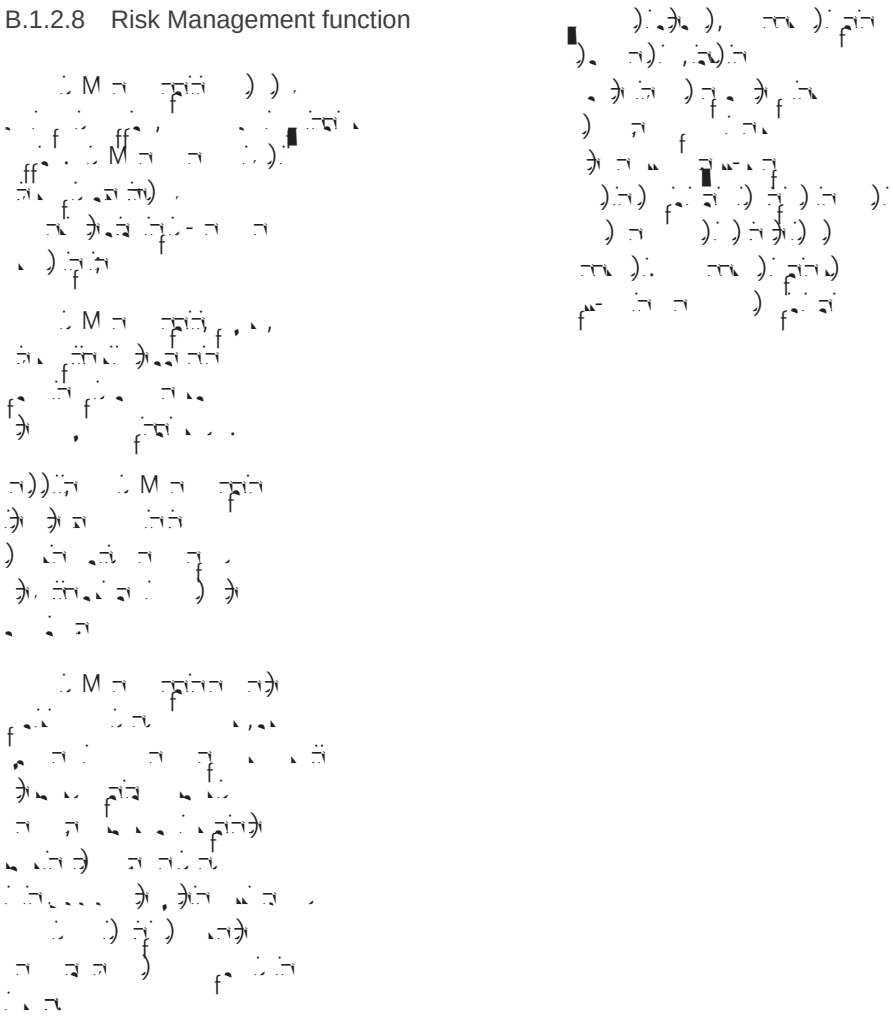


3.

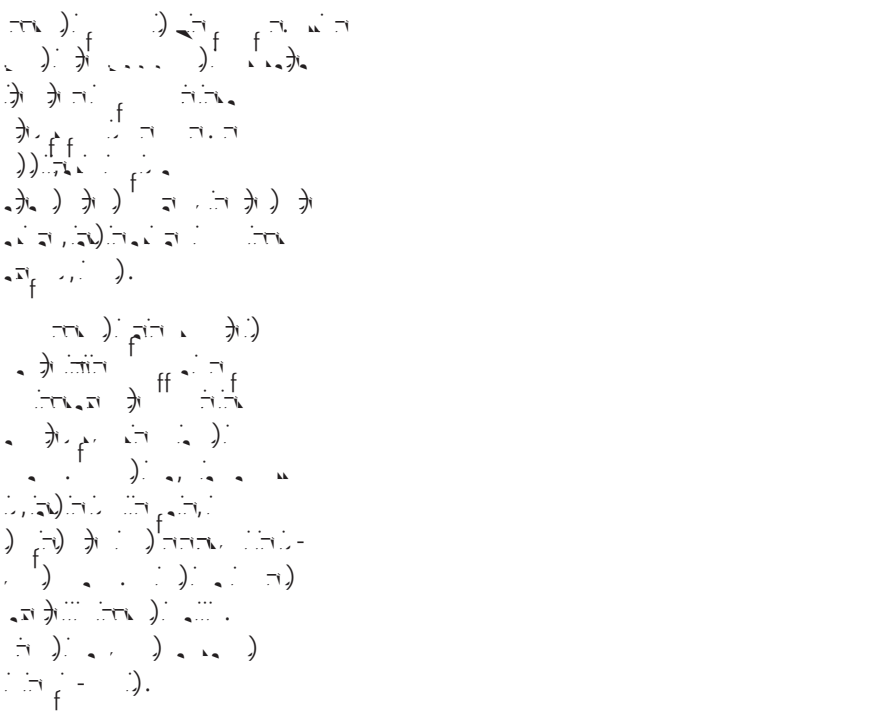
B.1.2.6 Actuarial function

B.1.2.7 Compliance function

B.1.2.8 Risk Management function



B.1.2.9 Internal Audit



Remuneration of Supervisory Board members

Remuneration of members of the Board of Management

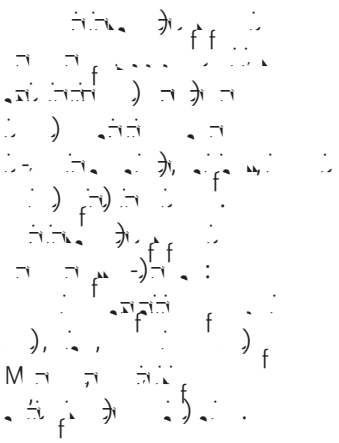
Members of the Supervisory Board

Other key function holders

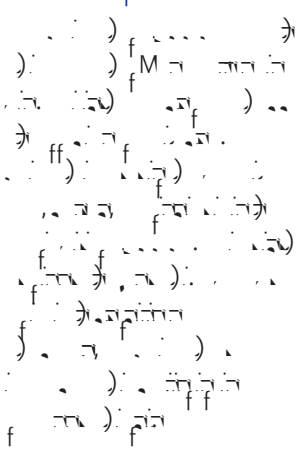
Procedure for the evaluation of the professional qualification and personal propriety of persons who effectively run the company or have other key functions

B.3 Risk Management System including the Own Risk and Solvency Assessment

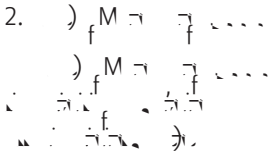
B.3.1. Risk management system

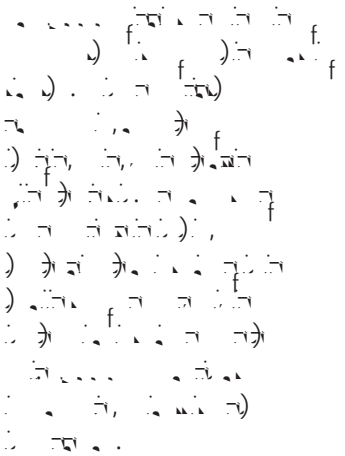


1.

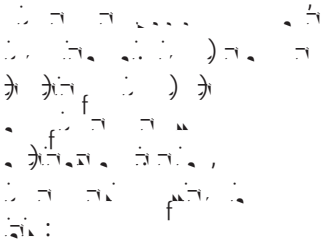


2.

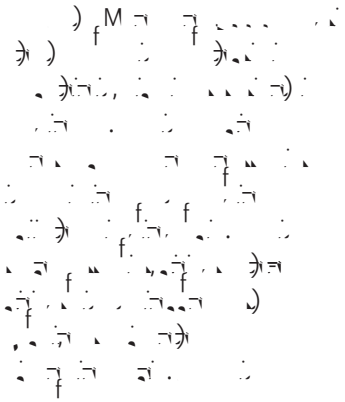




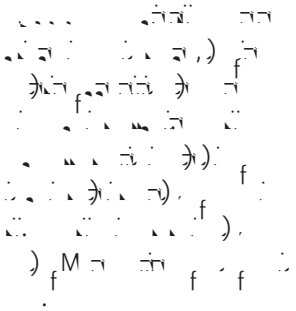
B.3.2.2 Basic Principles of Risk Management



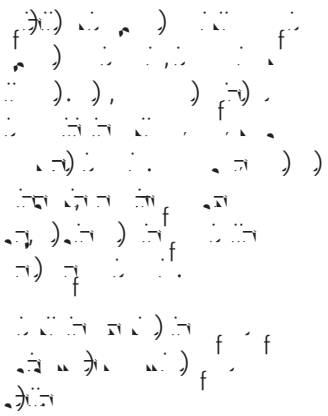
Basic principle 1: Responsibility of the Board of Management for the risk strategy



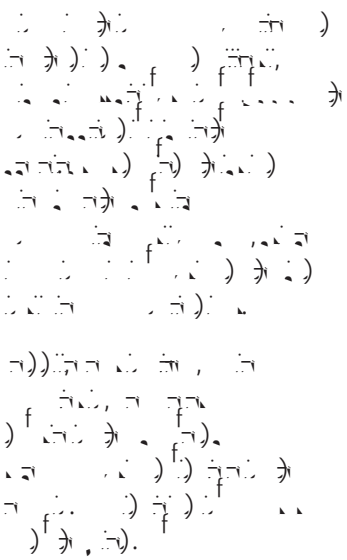
Basic principle 5: (Continued) development and integration of the limit system



Basic principle 6: Mitigation of risks exceeding the risk appetite

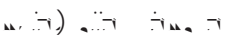


Basic principle 7: Consistent and effective monitoring



Basic principle 8: Consistent risk reporting and risk communication

Basic principle 10: Comprehensive and timely documentation



B.3.4. Specific materials risks for AGCS Global and AGCS SE

Top Risk Assessment policy framework

Risk Management Framework

1.
2.
3.
4.

B.3.5. Internal Risk Capital Model

99.5%

99.5%

Description of Risk Categories

M	

Adequacy of internal risk capital model to business profile and model governance

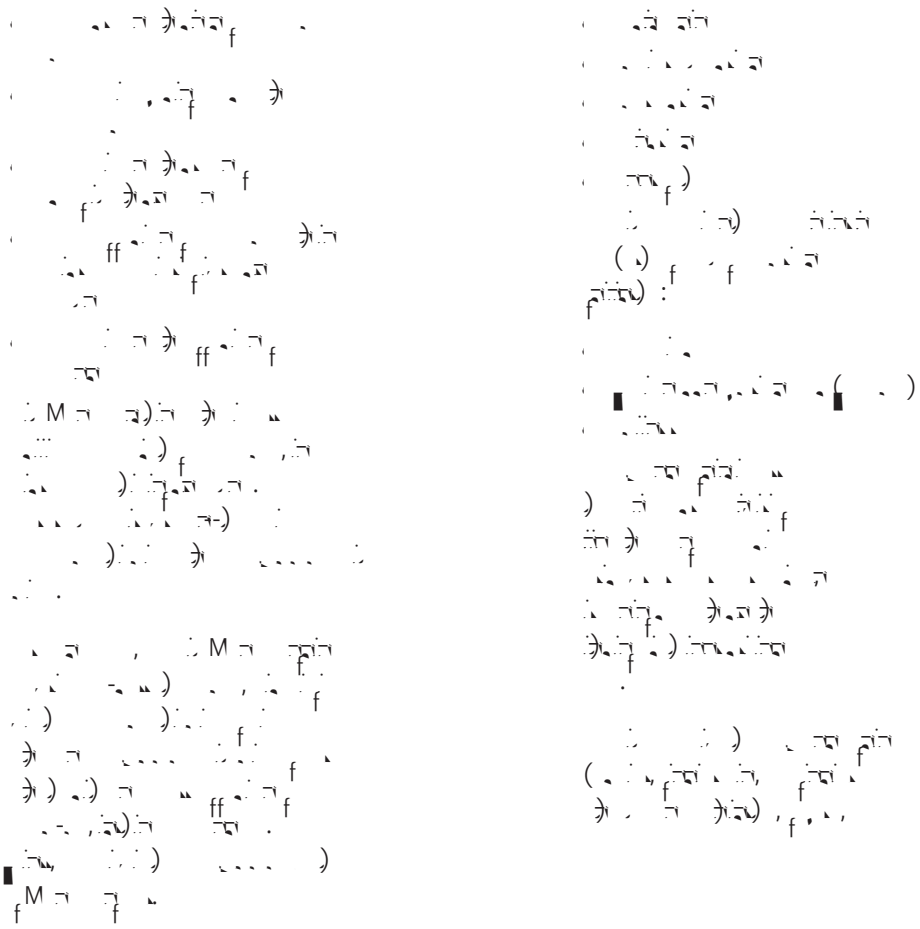
AGCS Standard for Model Governance

Annual validation report

Allianz Standard for Model Change

B.3.6. Own Risk and Solvency Assessment (ORSA)

B.4.1. Essential elements of the ERIC-System



B.4.2. Concept and objectives of the Compliance function

B.4.3. Fit and proper requirement

B.4.4. Resources of the Compliance function

B.4.5. Tasks of the Compliance function

- Performance of risk assessments
- Establishment, coordination and updating of the compliance plan

B.6 Actuarial Function

1.

2.

Important outsourcing agreements of AGCS SE

M	& M	
M	M	
[1]		
[1]		
[1]		

1.

B.8 Any Other Information

.7.

C. Risk Profile

C.1 Underwriting Risk

C.1.1. Risk exposure

Risk concentration

Risk sensitivity

	2 851 944	1 635 934	174%
	2 607 503	1 635 934	159%

C.1.1.1 Premium risk

C.1.1.2

C.1.1.4 Longevity risk

C.1.2. Management of underwriting risk and risk mitigation

900 359 (866 148)

M	31/12/2017	31/12/2016

Sensitivity

31, 2017, 100,
f
174 175
100,
f 174
f
173

Sensitivity

f 100
f 174 169

+100			
	2 851 944	1 635 934	174%
	2 771 397	1 636 114	169%

C.2.1.5 Currency risk

2017, f 578 437 (629 466) ,) f 51 029 (8 f f f

ff f

f

Risk concentration

f 75

Sensitivity

31, 2017 f 10%) ff f 174 162

-10%			
	2 851 944	1 635 934	174%
	2 564 092	1 581 077	162%

C.2.1.6 Real estate risk

31 f 90 184 8 727 (11 2016,

ff f f

f

Risk concentration

f f ' f

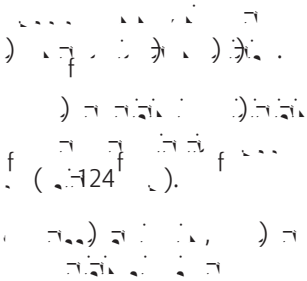
Sensitivity

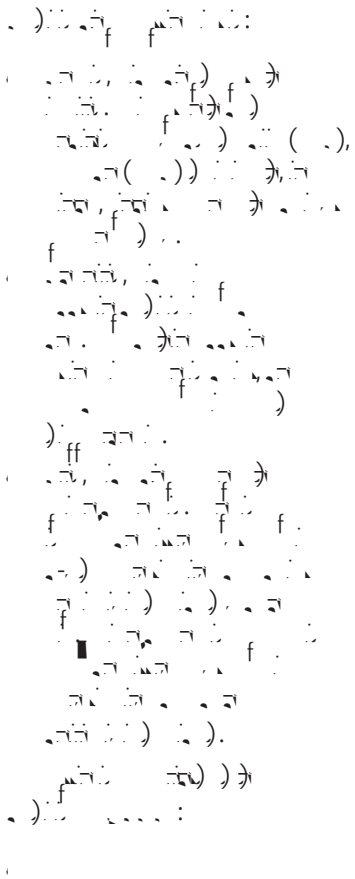
31, 2017, 20%) f 174 f 171

-20%			
	2 851 944	1 635 934	174%
	2 790 604	1 628 263	171%

C.2.2. Market risk management

M f f f





31,
194 339 (
0.4

Risk concentration

2016 2017.

%	2016	2017
	33%	44%
	60%	47%
	7%	9%

2017
91 948
49%

Sensitivity

1.

	2 851 944	1 635 934	174%
	2 836 045	1 673 581	169%

	31/12/2017
1	40 077
2	92 133
10%	16 168

1.) & 1, 2, 3 M):
2.

C.3.2. Credit risk management

:

ff

f

f

C.3.3. Risk mitigation

C.5.2. Management of operational risk

C.5.3. Risk mitigation

C.6 Other Material Risks

Strategic risk

Reputational risk

D. Valuation for Solvency Purposes

31/12/2017	

Material changes with respect to the prior reporting period

Intangible assets

Deferred tax assets

12.72,

31,
2017, 2017
25.83
2022.
25
2021
139

31/12/2017	
	134 625
	5 557
	28 027
	108
	10 984
	17 147
	36 801
	100 882
	-246 077
Total after netting	88 053

274 (1)

253 (1)
246 (2)

9 (4)

32 223
31
40 /. 16

Pension benefit surplus

3). 19.

253 (1)
246 (2)

3

Property, plant and equipment held for own use

9 (4)

Investments

Real estate (except for own use)

32 223
31
40 /. 16

Shares in affiliated enterprises, including participations

2 266 784

13

2 739 206

13 (20)

13 (1

13 (5)

214 (2

229

0.

31, 2017:

	1 958 061	1 618 609	339 452
	1 958 061	1 618 609	106 660
	0	37 381	-37 381
	117 778	96 408	21 370
	265 914	2 962 800	-2 696 886
	2 522 910	4 789 694	2 266 784

2016,

Special funds	3 244 965	2 739 206	505 759
	1 507 495	1 199 734	307 761
	595 384	503 942	91 442
	804 366	719 161	85 205
	337 720	316 369	21 351

Equity

[1];

.4.

1.

Bonds

Loans and mortgages

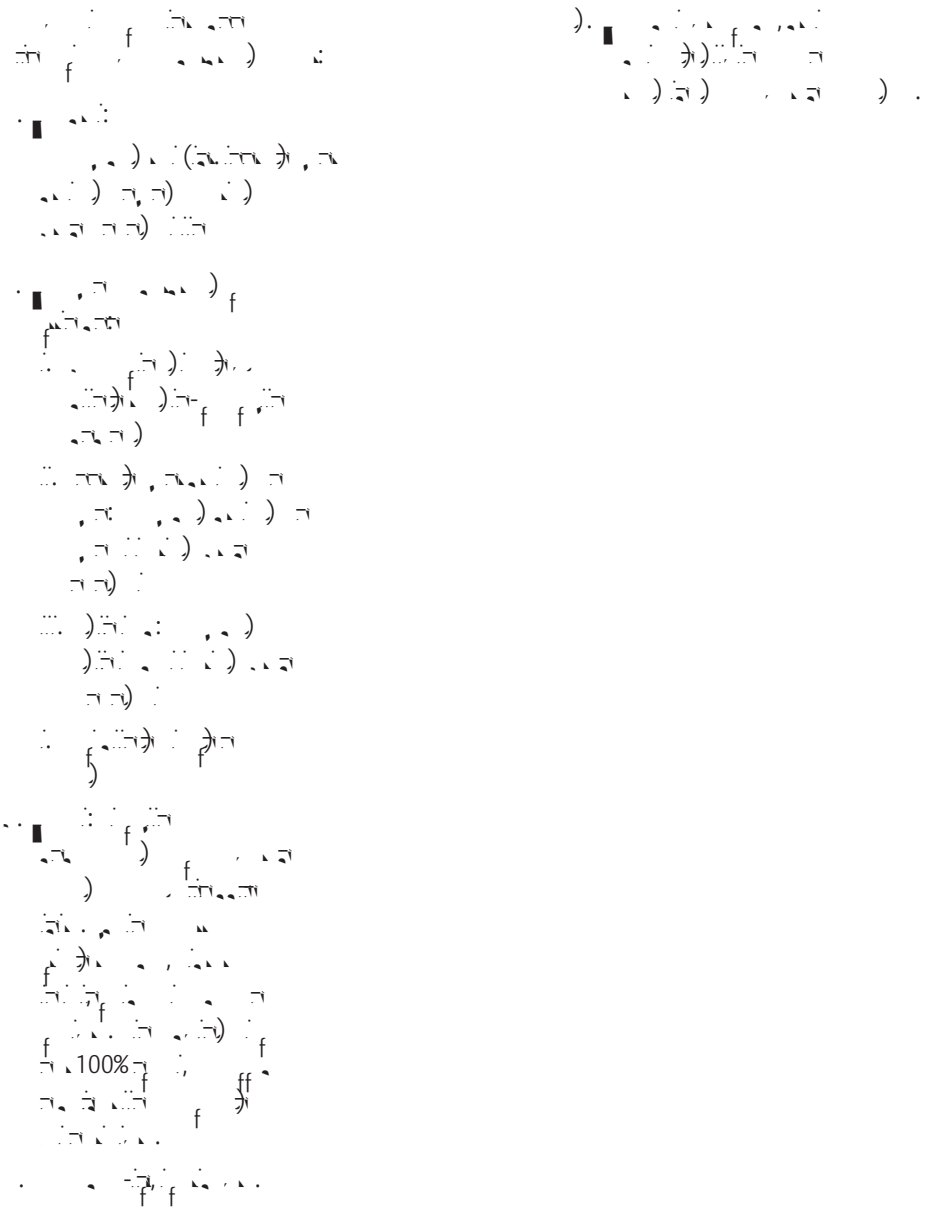
Reinsurance recoverables

Deposits to cedants

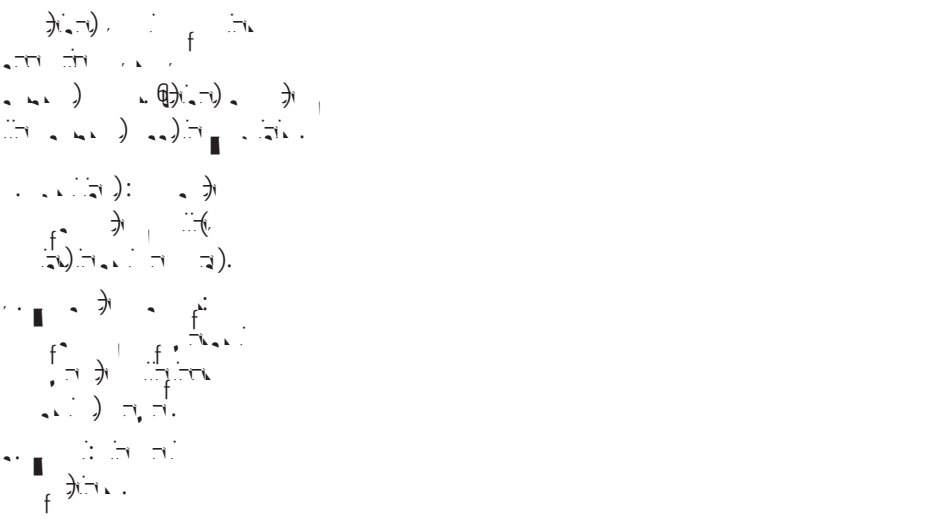
Insurance and intermediaries receivables

Reinsurance receivables

Receivables (trade, not insurance)



Claims provisions



13 990
10 952
35 094
12 859
1
539

Risk margin

(M M)
M M
ff
6%
39,
M M.
ff
ff
ff

2 834 378	1 375 142	1 459 236	3 031 050	1 579 405	72 722	1 652 127
694 895	414 890					

Discussion of material differences between Solvency II and HGB in terms of the valuation of technical provisions and amounts recoverable from reinsurance contracts

Premium provisions

Claims provisions

Counterpart default risk

Risk margin

Special HGB requirements

1.40

2.81
7-
15

10 842

Provisions for share-based compensation

Pension benefit obligations

19.

	31/12/2017 %
	1.50
( )	3.25

1.80
1
2005
2007.

253 (2, 2) (15).

2016,
10-
7-

3.86).

2.75%
1%

Reinsurance payables

Payables (trade, not insurance)

Any other liabilities, not elsewhere shown

Material changes with respect to the prior reporting period

D.4 Alternative Valuation Methods

real estate used by third parties

shares in affiliated companies including participations of

non-listed equity,

Government bonds, corporate bonds and collateralized securities,

loans and mortgages,

derivatives

pension benefit obligations

E. Capital Management

E.1 Own Funds

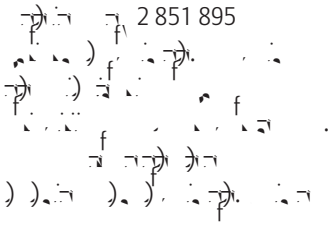
Objectives, policies and processes

Reconciliation of the excess of assets over liabilities between HGB and market value balance sheets

2 851 895

1 144 237

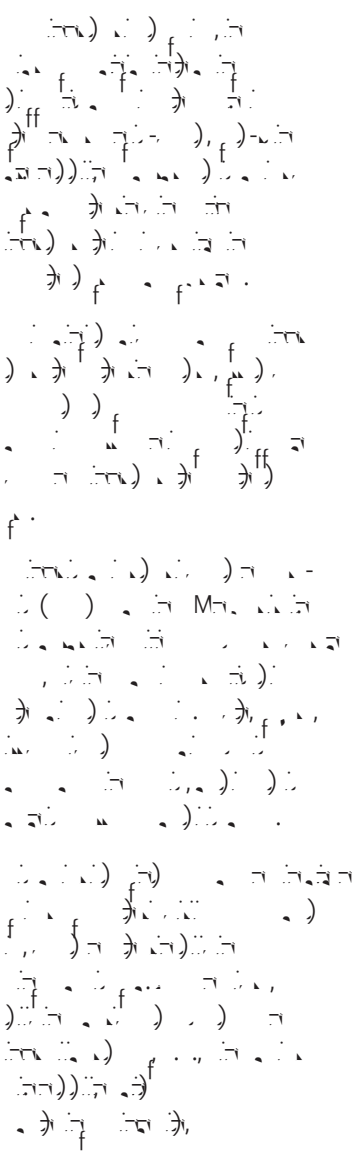
Basic own funds and available own funds

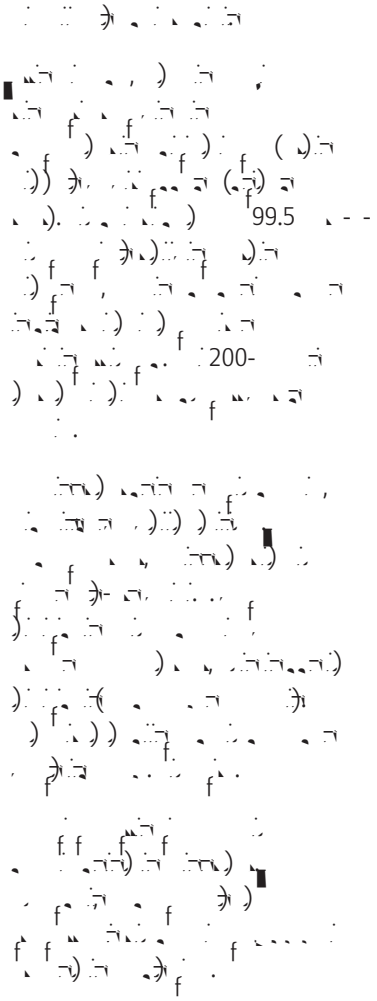


E.2 Solvency Capital Requirements and Minimum Capital Requirements

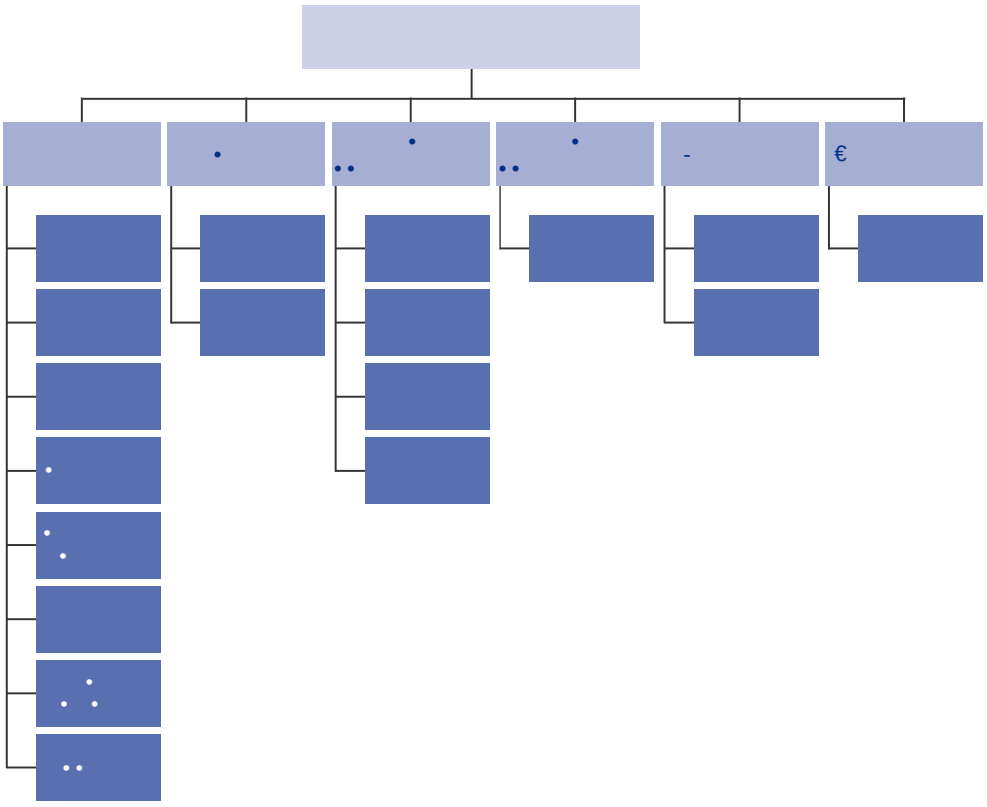
Solvency capital requirements at year end 2017

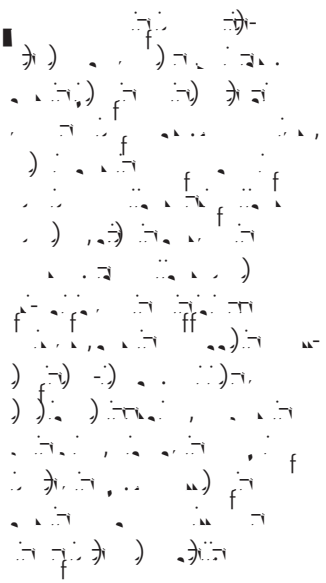
E.4 Differences between the Standard Formula and Any Internal Model Used

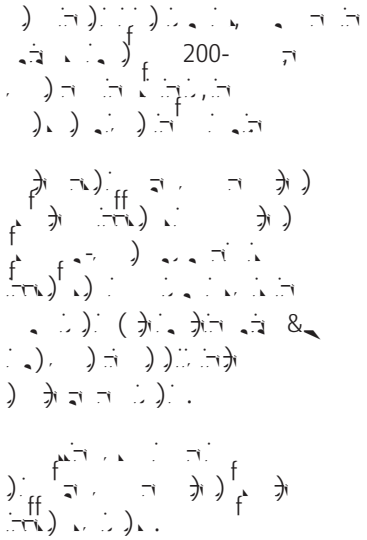


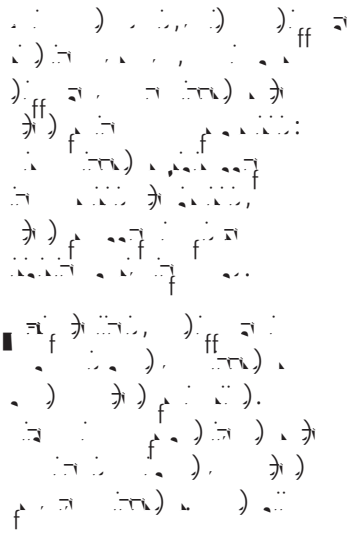


Internal model









List of abbreviations

Appendices

Appendix 1: Reporting Template SE.02.01.b compressed (

Balance sheet

		.0010
Assets		
	R0010	0
	R0020	0
	R0030	0
	R0040	88 053
	R0050	0
	R0060	22 291
	R0070	8 350 494
	R0080	108 603

		0010
Liabilities		
[illegible]	R0510	9 265 582
[illegible]	R0520	9 237 974
[illegible]	R0530	0
[illegible]	R0540	9 060 837
[illegible]	R0550	177 136

Appendix 2: Reporting Template S.05.01.b ( )

Premiums, claims and expenses by line of business

0040	0050	0060	0070	0080	0090
14 494	13 861	407 508	571 474	803 551	0
0	0	340 358	616 953	499 123	0
14 477	13 862	562 016	817 636	789 692	0
17	-1	185 850	370 791	512 982	0
14 823	14 003	415 922	558 915	799 239	0
-12	0	351 100	625 576	463 295	0

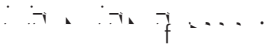
0130	0140	0150	0160	0200
				1 958 794
				1 642 624
0	75 705	66 023	292 032	433,760
0	65 617	58 842	229 144	2 772 768
0	10 088	7 181	62 888	1 262 410
				1 936 214
				1 616 671
0	73 712	61 996	296 418	432 126
0	64 814	55 608	234 903	2 765 287 ( )
0	8 898	6 389	/ -15	

Appendix 3: Reporting Template S.05.02.b ( )

Premiums, claims and expenses by country

Appendix 4: Reporting Template S.12.01.b

Technical reserves in life insurance and health insurance pursued similar to life insurance



Appendix 5: Reporting Template S.17.01.b ( )

0050	0060	0070	0080	0090	0100
0	0	0	0	0	0
0	0	0	0	0	0
4 116	3 861	96 242	438 398	326 498	0
3 805	3 578	59 222	230 612	158 823	0
311	283	37 020	207 786	167 675	0
7 357	11 401	1 460 316	1 261 973	4 038 498	0
8 680	8 814	1 010 418	848 296	2 229 493	0
-1 323	2 587	449 898	413 677	1 809 005	0
11 473	15 262	1 556 558	1 700 371	4 364 996	
-1 012	2 870	486 918	621 463	1 976 680	0

Gross undiscounted Best Estimate Claims Provisions

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0010											585 587
-9	R0160	1 327 857	1 032 815	823 496	652 788	375 573	236 163	173 726	181 939	141 789	120 983	
-8	R0170	1 311 052	1 301 670	950 716	721 006	529 739	420 028	253 092	185 438	135 604		
-7	R0180	2 048 990	1 293 565	965 983	718 055	423 712	317 067	260 467	160 497			
-6	R0190	2 111 238	1 457 529	955 500	676 107	478 284	323 185	247 220				
-5	R0200	2 203 773	1 381 746	977 191	700 216	488 762	338 733					
-4	R0210	1 731 246	1 323 285	942 764	661 299	427 742						
-3	R0220	2 255 122	1 730 650	904 957	602 996							
-2	R0230	2 295 642	1 687 327	1 118 636								
-1	R0240	2 393 913	1 674 636									
	R0250	2 913 861										

		C0360
	R0100	574 058
	R0160	115 186
	R0170	130 889
	R0180	154 160
	R0190	236 809
	R0200	323 112
	R0210	411 963
	R0220	579 939
	R0230	1 075 364
	R0240	1 616 464
	R0250	2 840 170
	R0260	8 058 114

Appendix 7: Reporting Template S.22.01.b compressed

Impact of long term guarantees and transitional measures

		C0010	C0030	C0050	C0070	C0090
	R0010	3 526 006	0	0	13 990	0
	R0020	2 851 895	0	0	-10 952	0
	R0050	2 851 895	0	0	-10 952	0
	R0090	1 635 934	0	0	35 094	0
	R0100	2 763 842	0	0	-12 859	0
Minimum Capital Requirement	R0110	499 170	0	0	1 539	0

Appendix 8: Reporting Template S.23.01.b (...)

Own funds

Appendix 9: Reporting Template S.25.03.b

Appendix 10: Reporting Template S.28.01.b (...)

Minimum capital requirement – only life – or only non-life – or reinsurance

		C0010
M...	R0010	499 170

		(...)	(...)
		...	12...
		...0020	...0030
...0020			

Linear formula component for life insurance and reinsurance obligations

		C0040
M	R0200	0

		(f)	(f)
		0050	0060
f	R0210	0	
f f	R0220	0	
))	R0230	0	
f ( ) ( )	R0240	0	
f f ( )	R0250		0

Overall MCR calculation

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The German original of this Annual Report is available upon request.

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