Allianz Global Corporate & Specialty

2011

Allianz Global Corporate & Specialty AG
Annual Report 2011

Allianz

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Foreword

2011 was another challenging year for corporate and specialty insurance. An exceptional level of natural catastrophes in Japan, Australia, New Zealand and Thailand caused immense damage and human tragedy globally and, for our own business, losses caused by natural catastrophes more than doubled. Capital markets exhibited strong volatility as investors worried about the outlook for global growth and the sustainability of sovereign debt levels in Europe and the United States.

Despite these turbulent environments of economics and risk, AGCS managed to continue its track record of solid growth and sustainable profitability. Globally, AGCS companies underwrote € 4.333 billion in gross written premiums, an increase of about € 300 million over the 2010 result of € 4.007 billion. Our combined ratio met our expectations at 94% contributing to € 500 million in operating profit. This positive result is not only a combination of the further integration of the portfolios of our various subsidiaries as well as new business moving to AGCS; it also reflects an extraordinary subrogation payment from prior years relating to the World Trade Center loss which was released in the second quarter.

Despite the current economic challenges, AGCS companies remain stable and strongly capitalized, placing us among the highest rated global insurers of corporate and specialty risks. We have managed our exposures to Euro-zone debt carefully and successfully in line with our conservative asset investment strategy. As a result, AGCS is financially secure and strongly positioned against our competitors, with minimal exposure to peripheral Euro-zone sovereign debt. In addition, this policy has enabled us to deliver a strong investment result of € 308 million in 2011 as a significant driver of operating profit.

One of our key strengths is our globally diversified underwriting portfolio by line of business and by region, allowing us to balance cycles or peak losses in individual regions or lines of business. This underpins our sustainable underwriting strategy and provides long term security and stability for our clients. With more than half of gross written premiums in 2011 already coming from non-Euro-zone countries, we plan to further increase our business in emerging markets. Alongside the strong growth we are experiencing in Asia-Pacific, Russia and Eastern Europe, we established new branch offices in Hong Kong and Singapore, which have gone live as of January 1, 2012, and are in the process of becoming a local reinsurer in Brazil. Not only do we aim for geographical expansion, but we also strive to grow by developing innovative insurance solutions. From supply chain interruptions and cyber threats to reputational issues and weather risks, in 2011, we have developed a range of customized protection options to allow our clients to respond to a multitude of emerging risks.

Overall, we are expecting stable and positive development despite mid-term challenges and tough times facing the world economy. AGCS is well placed to support clients worldwide in meeting these challenges, and we are proactively seeking opportunities for selective profitable growth in this environment. Our staff are, as always, at the core of our success, and I would like to acknowledge their continuing professionalism and dedication, and to thank them for their efforts and for the results they have achieved.

Theis

Axel Theis, CEO Allianz Global Corporate & Specialty AG

AGCS Structure

Allianz Global Corporate & Specialty AG (AGCS AG) is a globally operating company registered in Munich, Germany. The company is embedded in a network of various companies in Europe, America, Asia and South Africa which reflect the global needs of its corporate and specialty insurance customers. The Allianz Group has decided to serve these global needs by implementing global business structures within one segment. AGCS operates through a network of branch offices and local insurance companies within and outside the Allianz Group who cede business to AGCS AG.

AGCS AG has a headquarter function within this segment. It has established branch offices in the UK, France, Denmark (for the Nordic region), Austria, Italy, Belgium, Spain and the Netherlands. New branch offices in Hong Kong and Singapore are founded, but will start their operations as of January 1, 2012.

AGCS AG operates in about 70 countries and works with additional network partners in many more across the globe. In addition, decades of rich experience as a corporate insurer put unique tools at our disposal to benefit our clients.

To serve the needs of the North American market Allianz Global Risks US Insurance Company (AGR US), an indirect subsidiary of Allianz SE, operates in the USA with a Canadian branch office in Toronto.

French customers are either served by the French branch of AGCS AG or by AGCS (France), a subsidiary of AGCS AG.

The special needs of the Swiss market are serviced by Allianz Risk Transfer AG, Zurich / Switzerland, a fully owned subsidiary of AGCS AG.

To cover the Asian Pacific region AGCS AG has three subsidiaries in Asia: Allianz Fire and Marine Insurance Japan Ltd., Tokyo; Allianz Insurance (Hong Kong) Limited, Hong Kong, and Allianz Insurance Company of Singapore PTE Limited, Singapore. As soon as the newly established branch offices in Hong Kong and Singapore go live all operations in those countries will be handled via the branch offices.

AGCS AG's subsidiary Allianz Risk Consulting GmbH, Munich / Germany, provides supplemental loss control engineering services in the form of risk analysis and claims expertise.

Allianz Services (UK) Limited, London / UK, provides all relevant services for the business operations of the UK branch of AGCS AG.

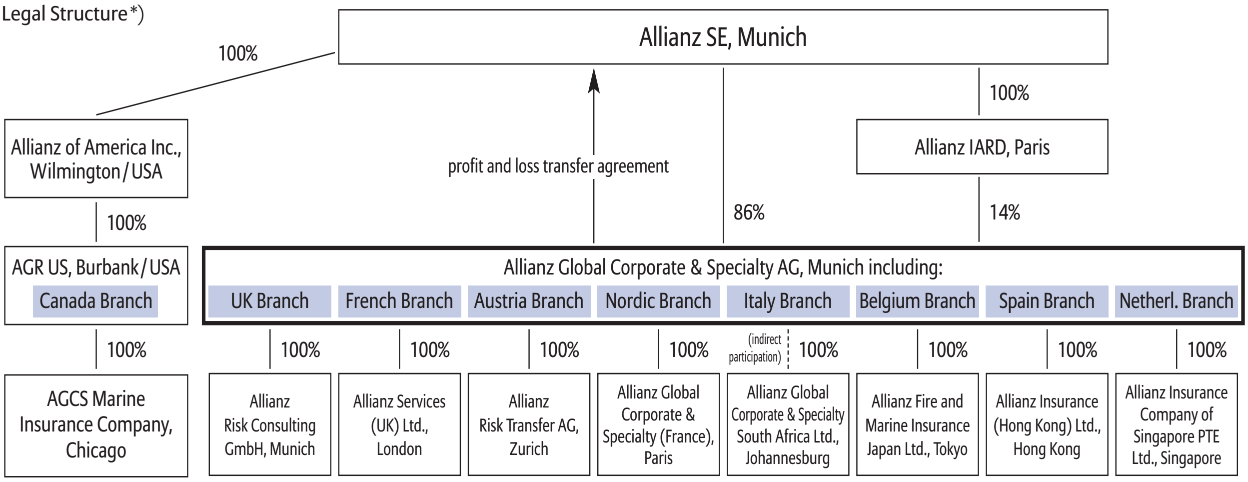
Furthermore, AGCS AG fully owns Allianz of South Africa (Proprietary) Limited, Johannesburg / South Africa, a holding company which holds 100% of the shares in Allianz Global Corporate & Specialty South Africa Limited, Johannesburg / South Africa.

In 2011 Stanislas H. Haine N. V., Antwerp, a Belgian underwriting agent that was fully owned by AGCS AG, has been merged into AGCS AG.

The following section refers to AGCS as a segment, i. e. the figures reflect a consolidated view. The legal part of this Annual Report refers to AGCS AG only.

Allianz Global Corporate & Specialty AG

Legal Structure*)



*) simplified

AGCS Global by Line of Business

AGCS global business consists of various legal entities that are under AGCS management responsibility. Total global gross consolidated premiums written amounts to € 4,332.9 million, a 8.1% growth relative to 2010 (€ 4,006.7 million). Gross figures per Line of Business are shown on a non-consolidated basis. The consolidation effect of gross premiums written amounts to € 594.9 million.

Gross premiums written for Aviation amounted to € 693.1 (702.3) million which is 1.3% below prior year due to a shift in policy inception for a large account, and reflects a stable portfolio despite a challenging and competitive environment. Losses in 2011 were below long term expectations, resulting in an improved calendar year loss ratio of 64.2% (68.4%). The combined ratio reduced to 89.2% (95.2%).

Gross premiums written for Energy amounted to € 189.4 (141.0) million, a 34.3% increase compared to last year. The increase shows that the plans to expand and diversify the portfolio have been followed up successfully. Energy also benefits from rate increases in UK for offshore and in North America onshore. In 2011 Energy was impacted by sizeable losses in Canada and the North Sea that eroded profitability. Therefore the calendar year loss ratio increased to 96.9% (40.5%) and resulted in a combined ratio of 119.1% (63.3%).

Gross premiums written for Engineering amounted to € 510.5 (457.8) million, an increase compared to prior year of 11.5%. Despite difficult economic conditions in many markets accompanied by lower investment activity in projects, the portfolio could be expanded especially in Germany and the US. In contrast to 2010 where catastrophe losses were the main lever of loss ratio, erosion this year was driven by the accumulation of large losses resulting in a calendar year loss ratio of 67.7% (64.0%). Due to the premium growth and a stable cost base, the expense ratio improved compared to 2010 and the combined ratio ended up at 89.7% (87.7%).

Financial Lines showed a significant growth of 37.1% in gross premiums written and reached € 290.1 (211.5) million. AGCS successfully expanded the business in Asia and could achieve further growth in UK mainly for professional indemnity and commercial risks. For 2011 the loss experience remained as expected resulting in loss ratio slightly below prior year level with 55.1% (57.4%). The combined ratio of 79.5% (82.1%) showed a further improvement in comparison to the last years.

In 2011, gross premiums written in Liability increased to € 845.3 (760.8) million due to higher business volume for PharmChem in UK and Germany as well as growth realized for General Liability business in Asia and Canada. The PharmChem segment in total as part of Liability contributed beyond expectations with gross premiums written of € 127.5 (79.7) million. The calendar year loss ratio of 58.0% (61.4%) was positively impacted by an exceptional run-off profit from prior years. The full combined ratio of 78.6% showed an improvement compared to prior years value of 80.6%.

Gross premiums written in Marine amounted to € 1,004.5 (911.1) million. The 10.3% improvement versus prior year is explained by an increased premium volume for Cargo business based on German exporting companies and new market entries in South Africa, Brazil and Spain. In addition, the Marine Inland portfolio expanded mainly in North America and Japan. The calendar year loss ratio of 75.4% (66.6%) was significantly impacted by the Tornado and Hurricane losses in North America and a piracy event near Aden in July. Therefore in total the combined ratio ended up at 105.0% (97.3%).

AGCS' largest line, Property, generated gross premiums written of € 1,291.5 (1,248.3) million mainly driven by increased business in Benelux countries, South Africa and Germany partially offset by a portfolio reduction in the US. Same as in 2010, loss experience in 2011 was severely impacted by an extraordinary number of natural catastrophes of which the floods in Thailand and Australia, the earthquakes in Japan and New Zealand and the Hurricanes "Irene" and "Lee" are just the major events. This higher than average claims activity in 2011 was fully counterbalanced by exceptional one-time run-off results so that the total calendar year loss ratio of 60.2% (75.9%) even shows an improvement compared to 2010. The total combined ratio for Property in 2011 shows 87.7% and is considerably below the prior year value of 99.5%.

The gross premiums written of Other Lines that included non-core corporate insurance business amounted to € 101.2 (81.5) million. The main driver of this increase is the integration of Allianz entities in Singapore and Hong Kong.

Supervisory Board

Clement Booth
Member of the Board of Management, Allianz SE
Chairman

Oliver Bäte
Member of the Board of Management, Allianz SE
Deputy Chairman

Jacques Richier
Chairman of the Board of Management of Allianz France SA

Jay Ralph
Member of the Board of Management, Allianz SE

Bernadette Ziegler
Personnel Officer
Employee representative

Senol Sabah
IT specialist
Employee representative

Board of Management

Dr. Axel Theis
CEO
Chairman

Andreas Berger
CRMO
since July 1, 2011

Klaus Otto Bick
CRO
until August 31, 2011

Sinéad Browne
Chief Personnel & Risk Services Officer
since January 1, 2012

Chris Fischer Hirs
CFO

Dr. Hermann Jörissen
CUO Corporate

Hartmut Mai
CUO Corporate
since January 1, 2012

Arthur Moossmann
CUO Specialty

Douglas Pennycuick
CRMO
until December 31, 2011

William Scaldaferri
CUO Allianz Risk Transfer
since January 1, 2012

Robert Tartaglia
COO

General Managers

Branch Office United Kingdom

Andreas Berger
Chief Executive
until June 30, 2011

Carsten Scheffel
Chief Executive
since July 1, 2011

Branch Office France

Gilles Mareuse
Chief Executive

Branch Office Austria

Thomas Gonser
Chief Executive
since January 1, 2011

Branch Office Nordic Region

Stig Jensen
Chief Executive

Branch Office Italy

Giorgio Bidoli
Chief Executive

Branch Office Belgium

Eric Pani
Chief Executive

Branch Office Spain

Agustin Martin Martin
Chief Executive

Branch Office Netherlands

Nicolien Ketelaar
Chief Executive

Report of the Supervisory Board

We continually monitored the Board of Management's conduct of business on the basis of regular reports and we informed ourselves about the state of affairs in several meetings. We have examined the Annual Financial Statements and the Management Report and we concur with the findings of KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, which issued an unqualified auditor's certificate for the Annual Financial Statements for fiscal 2011 and the Management Report presented to it. In its meeting of April 24, 2012, the Supervisory Board approved the Annual Financial Statements prepared by the Board of Management, which are herby confirmed.

Effective August 21, 2011, Mr. Klaus Otto Bick resigned from his position as member of the Board of Management with the consent of the Supervisory Board. We thanked Mr. Bick for his contribution to the work of the Board of Management. Effective July 1, 2011, the Supervisory Board appointed Mr. Andreas Berger to the Board of Management. Mr. Berger is responsible for Regions & Markets. Effective December 21, 2011, Mr. Douglas Pennycuick resigned from his position as member of the Board of Management with the consent of the Supervisory Board. We also thanked Mr. Pennycuick for his contribution to the work of the Board of Management.

Effective January 1, 2012, the Supervisory Board appointed Mrs. Sinéad Browne, Mr. Hartmut Mai and Mr. William Scaldaferri to the Board of Management. Mrs. Browne is responsible for Personnel and Risk Services, Mr. Mai, together with Dr. Jörissen, is responsible for Underwriting Corporate and Mr. Scaldaferri is responsible for Underwriting Allianz Risk Transfer.

Based on the results of his examination, the responsible actuary granted unqualified actuarial certification as provided for by section 11 e in conjunction with section 11 a 3 (2) of the German Insurance Supervision Law (VAG).

Munich, April 24, 2012

For the Supervisory Board:

Clement Booth

Management Report

The past year was marked by a number of major natural catastrophes, which did not leave Allianz Global Corporate & Specialty AG unscarred. But our business model of underwriting international industrial insurance business as well as aviation and marine risks once again proved its merits in this difficult market context.

Gross premiums written increased significantly in the reporting year and marked a new record, while net premiums earned came close to the prior-year level. Claims expenses registered massive increases due to losses assumed from the earthquakes in Japan and New Zealand, the floods in Thailand and Australia and the hurricanes in the US and could not be compensated by once again positive run-offs.

Investment income rose substantially, driven by the high distributions of our investment funds. Nonetheless, our investments still contain high valuation reserves. In addition, our safety-oriented investment strategy led us to almost completely dispose of any bonds issued by the crisis-struck euro peripheral countries.

Adjusted for last year's special effect resulting from the initial application of the German Accounting Law Modernization Act (BilMoG), the profit transferred to Allianz SE exceeds the prior-year amount.

The global orientation of Allianz Global Corporate & Specialty AG was again pursued consistently and with good results in the reporting year. The branch offices in Belgium and the Netherlands opened in the previous year substantially contributed to the increase of gross premium income. In addition, the creation of branch offices in Hong Kong and Singapore will enable us to also write direct business in these two markets as of 2012. Not least of all, our main shareholder's confidence in our strategic orientation is reflected by the transfer of the Global Broker Initiative for the entire Allianz Group to Allianz Global Corporate & Specialty AG.

Development overview

The business of Allianz Global Corporate & Specialty AG includes the German and International Corporate Business (ICB), as well as the specialty insurance lines Marine, Aviation and Energy, in both the direct and the indirect insurance business.
The bundling of our activities and the further diversification of insurance risks have also enabled us to strengthen our offer of insurance solutions for specific needs as well as our comprehensive service. In the past year, we continued to invest in the further expansion of the global harmonization and optimization of business processes in all business units within in the framework of our projects.

In a market context marked by competitive pressures, we steadfastly pursued our risk-adequate and selective underwriting and reinsurance policy. It should be noted that our sales figures and underwriting results are impacted by currency effects stemming primarily from the US dollar and the British pound, which are not commented individually.

Premium income in the reporting year rose significant by € 316.8 million and reached a new record at € 2.7 (2.4) billion. Premium income in Germany grew by € 141.7 million to € 1.62 (1.48) billion, an increase that is almost entirely due to indirect business. In the Netherlands and in Belgium, premium volume grew by € 85.2 million and € 48.6 million respectively. The increase is essentially due to the fact that both branch offices were only opened in the second half of the previous year so that the prior-year period was substantially shorter than fiscal 2011. In the other branch offices premium volume grew by € 41.4 million from € 992.2 in the previous year to € 963.6 in the reporting year. The UK branch office contributed an increase of € 26.3 million to € 613.1 (586.8) million, the branch office in Denmark an increase by € 13.6 million to € 39.2 (25.6) million and the branch office in Italy an increase by € 9.2 million to € 120.0 (110.8) million. While premium income in Austria at € 34.8 (34.0) million slightly exceeded the prior-year volume, France registered a decline by € 6.2 million to € 29.7 (35.9) million.

Gross premiums written rose significantly to € 2.59 (2.39) billion. At the same time, reinsurance cessions, particularly for facultative cover, increased to € 947.8 (734.8) million, so that net premiums earned of € 1.64 (1.66) billion almost reached the prior-year level.

Claims expenses in the reporting year were marked by an unprecedented cumulation of natural catastrophes. The earthquakes in Japan and New Zealand, the flood catastrophes in Thailand and Australia as well as the hurricanes in the US caused gross claims expenses of € 365.3 million (€ 175.4 million net). In the previous year, the earthquake in Chile had required gross claims expenses of € 243 million (€ 65 million net).

As a result, the gross loss ratio increased from 75.3 percent in the previous year to 77.3 percent in the reporting year. The run-off of prior-year claims reserves was less favorable than in the previous year and decreased by € 86.2 million to € 254.4 (340.6) million. Overall, gross claims expenses for insurance losses rose by € 0.29 billion over the previous year to a total of € 1.75 (1.46) billion. With respect to the overall portfolio, the gross loss ratio increased by 6.4 percent from 61.1 percent in the previous year to 67.5 percent in the reporting year.
Gross underwriting expenses increased by € 54.9 million to € 552.8 (497.9) million, which resulted in a higher gross cost ratio of 21.3 (20.8) percent.

The claims equalization and similar reserves, which by law must be recognized in the balance sheet, required total allocations of € 74.5 (37.6) million.

This resulted in an underwriting result for own account of € – 63.9 (+ 119.1) million.

To be able to evaluate the development of our business segment, the International Corporate Business must be viewed in its totality, just as in previous years. The impact of the business model of Allianz Global Corporate & Specialty AG, which aims to be closer to the client through direct underwriting by local offices, is characterized by the fact that insurance business that was previously written as reinsurance assumed and reported as indirect business has since 2007 been increasingly reported as direct business. But basically, this is still the same insurance business. This business policy essentially results in a shift of premium income from indirect to direct insurance business. However, in the reporting year the decline in the indirect insurance business, which should have been expected as a result of this trend, was more than compensated by increasing business volume in the growth regions Asia and South America. As a result, gross premium income in the direct insurance business increased by € 118.4 million from € 1.38 billion to € 1.50 billion. At the same time, premium income from indirect insurance grew by € 198.5 million from € 1.03 billion to € 1.23 billion.

The direct insurance business registered substantially higher claims expenses. This is due to major losses that pushed up the loss ratio for the year to 80.3 (70.7) percent and a lower run-off of € 87.8 (160.0) million resulting from prior-year losses in the pharmaceutical business. As a result of the new natural catastrophes, the indirect business reported almost unchanged high claims expenses. The loss ratio for the fiscal year thus came to 73.6 (81.0) percent. Taking into account the once again positive run-off of the prior-year claims reserve of € 166.5 (180.5) million, the gross loss ratio of reinsurance business assumed fell to 59.5 (64.3) percent. The gross loss ratio in the direct insurance business was 74.1 (58.5) percent.

The following comments on the development of our business are based on gross sales figures, and the underwriting results are stated for own account.

Direct insurance business

- Personal Accident Insurance premium income this year rose by € 7.5 million to € 11.2 (3.7) million. Claims expenses of € 2.3 (1.6) million were higher than in the previous year but resulted in an improved gross loss ratio of 24.0 (40.9) percent. After an allocation to the equalization reserve of € 0.2 (0.0) million, the underwriting profit of € 3.9 (1.7) million was above the prior year level.

- Liability Insurance premium income in the reporting year grew by € 55.6 million to € 661.2 (605.6) million, which is to a great extent due to the opening of new branch offices in Belgium and the Netherlands in 2010, as well as a premium increase in General Liability and D&O insurance. During the same period, this insurance line recorded an increase in claims expenses by € 194.0 million € 468.8 (274.8) million, which was essentially due to major losses in pharmaceutical insurance during the previous years. The loss ratio thus rose to 75.6 (49.0) percent. After an allocation of € 13.6 (35.3) million to the equalization reserve, an underwriting profit of € 7.8 (22.1) million was reported.

- The insurance branch group Fire Insurance and Other Property Insurance generated an increase in premium income by € 52.8 million in the past fiscal year and thus reached a total volume of € 452.4 (399.6) million.
  In Fire Insurance the positive trend in premium development continued from the previous year. The increase to € 190.5 (146.7) million is in part due to the creation of the branch offices in Belgium and the Netherlands in 2010. Due to various losses in the course of the fiscal year, gross claims expenses rose to € 136.2 (42.6) million. For this reason, the loss ratio deteriorated by 46.5 percentage points to 78.0 (31.5) percent and resulted in an underwriting profit of € 20.2 (loss of 15.8) million. The withdrawal from the equalization reserve amounted to € 19.2 (allocation of 26.1) million.
  Premium income from Other Property Insurance rose slightly to € 261.9 (252.8) million. Claims expenses declined by € 34.3 million from the prior year to € 137.6 (171.9) million and resulted in an improved loss ratio of 57.5 (67.8) percent. After a withdrawal from the equalization reserve of € 3.2 (0.6) million, Other Property Insurance posted a loss of € 41.0 (loss of 6.6) million.
  Overall, the insurance branch group Fire Insurance and other Property Insurance ended the year with an underwriting loss of € 61.2 (22.4) million, after an allocation to the equalization reserve of € 16.0 (withdrawal of 26.7) million.

- Following a decision by Allianz Group, the direct insurance business in the insurance branch groups Automotive Liability Insurance and Other Automotive Insurance was shifted back to the Group in 2010. In 2010, the expenses for the implementation of this business model resulted in underwriting losses of € 1.7 million in Automotive Liability Insurance and of € 3.4 million in Other Automotive Insurance. In fiscal 2011, this insurance branch group reported a result of € 0.0 (loss of 5.1) million.

- Premium income in Marine and Aviation Insurance slightly increased to € 307.8 (303.0) million in the reporting year. In Marine insurance, gross premium income increased by € 9.2 million to € 246.5 (237.3) million. Due to higher claims expenses of € 187.9 (160.4) million, which are essentially attributable to losses incurred in the course of the year, the gross loss ratio increased to 75.1 (68.2) percent. After changes to the equalization reserve, this insurance line posted an underwriting loss of € 22.0 (loss of 16.3) million. Aviation Insurance recorded a decline in premium income by € 4.3 million to € 61.4 (65.7) million, while continuing high frequency losses resulted in gross claims expenses of € 59.7 (56.4) million. After the complete dissolution of the equalization reserve in the previous year (withdrawal of € 1.6 million), no new equalization reserve had to be constituted this year. As a result, an unchanged underwriting loss of € 11.4 (11.6) million was posted. Overall, the underwriting result of this insurance branch group, after insignificant changes in the equalization reserve, deteriorated to a loss of € 33.4 (loss of 27.9) million.

- Gross premiums written in Other Insurance decreased in the reporting year by € 2.4 million to € 65.3 (67.7) million. Gross claims expenses fell to € 59.4 (61.1) million, slightly below the prior-year level, which is primarily due to the loss experience in business interruption insurance. The loss ratio of 96.2 (94.1) percent was thus higher than in the previous year. The insurance line Other Insurance withdrew € 4.4 (allocation of 12.2) million from the equalization reserve. After changes in the equalization reserve, this insurance branch group posted a positive underwriting result of € 0.3 (loss of 29.5) million.

Reinsurance business assumed

- Premium income in Property/Casualty Insurance increased by € 7.1 million to € 9.8 (2.7) million. In the absence of major losses this insurance line ended the year with an underwriting profit of € 8.0 (2.1) million.

- Gross premium income in Liability Insurance came to € 384.9 (310.9) million in the reporting year, which was € 74.0 million above the prior-year level. This is primarily due to higher premium income in the U.S. As in the previous year, the reporting year was characterized by a favorable loss experience. Gross claims expenses declined by € 46.6 million to € 90.9 (137.5) million. Taking into account the positive run-off of prior-year claims in the amount of € 86.1 (41.4) million, the total loss ratio was at 24.5 (41.4) percent, clearly lower than in the previous year. After an allocation of € 53.9 (34.2) million to the equalization reserve, a profit of € 21.2 (23.8) million was posted, slightly below the prior-year level.

- In Automotive Liability Insurance and Other Automotive Insurance premium income in the reporting year declined by € 1.7 million to € 22.6 (24.2) million. With claims expenses totaling € 17.7 (7.2) million, these branch groups ended the year with an underwriting loss of € 8.1 (profit of 4.1) million.

- The insurance branch group Fire Insurance and Other Property Insurance posted an increase of gross premium income by € 73.7 million to € 542.4 (468.7) million. Fire Insurance registered a slight increase in premium income to € 291.0 (283.8) million. Claims expenses rose to € 109.1 (68.7) million, which drove up the gross loss ratio by 12.8 to 37.7 (24.9) percent. After reinsurance cessions and allocation to the equalization reserve of € 52.4 (withdrawal of 81.1) million, an underwriting profit of € 86.6 (131.7) million was reported.
  Gross premium income in Other Property Insurance increased by € 66.5 million over the prior year to € 251.4 (184.9) million, which is essentially due to reinsurance business assumed in Brazil. This year again, Other Property Insurance was impacted by various losses from natural catastrophes. While the previous year was influenced by losses from the earthquake in Chile, this year claims from the earthquake in Japan and flood damages in Australia resulted in a continued high level of claims expenses of € 308.2 (346.1) million. After a withdrawal from the equalization reserve of € 0.8 (0.8) million this insurance line ended the year with an underwriting loss of € 31.4 (profit of 41.7) million. After an allocation of € 51.6 (80.3) million to the equalization reserve, the insurance branch group posted an overall underwriting profit of € 55.2 (173.4) million.

- Marine and Aviation Insurance generated gross premium income of € 203.3 (175.7) million. In Marine Insurance, premiums rose € 43.8 million from the previous year and reached € 135.2 (91.4) million, which is to a great extent due to higher cessions from Brazil. Losses increased by € 15.6 million and resulted in gross claims expenditures of € 62.2 (46.6) million. After an allocation of € 60.0 (26.4) million to the equalization reserve an underwriting loss of € 39.9 (loss of 22.2) million was recorded. In Aviation Insurance, gross premiums amounted to € 68.1 (84.3) million and thus remained below the prior-year level. Due to the favorable loss situation in the aviation business assumed, claims expenses fell by € 32.8 to 50.6 (83.4) million. After an allocation of € 18.8 (withdrawal of € 15.3) million to the equalization reserve a negative underwriting result of € 22.6 (loss of 12.6) million was posted. Overall, the branch group ended the year with an underwriting loss of € 62.5 (loss of 34.8) million after changes to the equalization reserve.

- Other Insurance posted higher premium income of € 64.5 (47.0) million in the reporting year, which is mainly attributable to the growth of business assumed in Asia. Compared to the previous year, claims incurred rose substantially to € 58.9 (3.1) million, which is in particular due to business interruption insurance claims resulting from storm damages. With no change in the equalization reserve the insurance line closed the year with an underwriting profit of € 5.1 (11.7) million.

Reinsurance business ceded

In the reporting year, the company once again ceded its insurance business in part to the various Group companies and in part to external reinsurers. In keeping with the reinsurance strategy pursued in the previous years, non-proportional reinsurance contracts in the form of a global coverage program were concluded with the reinsurers. With few exceptions, reinsurance ceded covers maximum risks and natural disasters to a limited extent on a quota-share basis and selectively in most insurance lines.

The largest part of the business ceded to Group companies is assumed by Allianz Re Dublin, while Munich Re (Münchener Rückversicherungs-Gesellschaft AG) in Munich is the leading external reinsurer for Allianz Global Corporate & Specialty AG. Premiums ceded to reinsurers increased by a total of € 215.1 million to € 967.7 (752.6) million. In addition to the increase of premiums for the global coverage programs in the form of replenishment premiums for the various losses from natural catastrophes, the premiums for facultative reinsurance also increased. Despite the premium increase, passive reinsurance ended the year with an almost unchanged result of € 273.3 (270.6) million because of the higher claims paid by the reinsurers for majors losses from prior years as well as their participation in losses stemming from the earthquake in Japan, flooding in Australia, storm damages in the U.S. and other losses from natural catastrophes.

Supplementary information to the Management Report

The various insurance lines and types offered are presented in detail on page 45.

Developments in the capital markets and their impact on investments

Allianz Global Corporate & Specialty AG continued its successful, safety-oriented investment strategy in 2011. Our objective is to generate as high a return as possible while limiting our risk. For reasons of safety we mix and spread our investments over many different investment segments. As in previous years, this helped to cushion the effects of the clearly higher uncertainty in the capital markets. In addition, our investment strategy is designed to secure adequate liquidity at any time.

In the capital markets, the year 2011 was marked by the growing concern of market participants about high government deficits, particularly in the European peripheral countries. In this market context, the capital investments of Allianz Global Corporate & Specialty AG developed positively. Investments held in foreign currencies as matching cover for underwriting liabilities, in particular in US dollars, Australian dollars and British Pounds benefited from the revaluation of the local currencies with respect to the Euro. In government bonds we continued to concentrate on the Euro-zone core countries. At the end of 2011, 0.4 percent of our investments were invested in Italian government bonds. Our holdings in government bonds from Greece, Ireland, Portugal and Spain were already completely divested in 2010.

We assess the risk situation with respect to our capital base as well as the coverage of our financial obligations with qualified investments from two perspectives: external and regulatory requirements on the one hand and internal risk capital requirements on the other. For both areas we use stress test models as well as an early warning system and a risk capital model. These tests are performed on an ongoing basis and our investments passed all of them without exception in the reporting year.

Investments

The book value of investments grew to € 5,887.0 (5,623.7) million in the reporting year.

Investments in affiliated enterprises and participations remained nearly unchanged at € 648.1 (649.1) million.

The book value of shares, investment certificates and other variable-income securities amounted to € 2,725.8 (2,626.4) million at the end of the year. The increase is essentially attributable to allocations of investment certificates in annuities as well as revaluations.

While the book value of bearer bonds substantially increased to € 1,145.8 (996.3) million, other loans decreased to € 1,161.4 (1,272.7) million.

Bank deposits amounted to € 136.3 (45.3) million, while funds held by others came to € 69.6 (33.8) million at the end of the year.

Investment income

Current income from investments was up from the prior year and amounted to € 347.3 (227.7) million. The increase is essentially due to higher distributions from investment funds and higher dividend distributions of the affiliated enterprises.

The disposal of investments produced income of € 37.4 (28.7) million. The gains were mainly generated from the sale of investment fund shares and bearer bonds. Gains from write-ups in 2011 amounted to € 1.4 (33.2) million and were entirely attributable to bearer bonds. Losses from the sale of bearer bonds amounted to € 8.4 (3.3) million.

Depreciation and impairments of investments in the reporting year were entirely attributable to bearer bonds and amounted to € 5.5 (6.0) million.

Investment management and interest expenses amounted to € 5.4 (7.5) million. It should be noted that the management fees for investment certificates are charged directly to investment assets as of this year.

Total investment income reached € 366.9 (272.7) million and was thus clearly above the prior-year level.

Valuation reserves on investments decreased to € 943.4 (1,042.1) million. Of this amount, € 563.1 (585.3) million are related to shares in affiliated and associated enterprises. The valuation reserves on investment certificates fell to € 229.8 (342.0) million. They include undisclosed liabilities of € 16.1 million. The valuation reserves on bearer bonds increased to € 73.9 (41.6) million and those for other loans came to € 76.5 (73.2) million.
The reserve ratio, i.e. the percentage of valuation reserves in relation to the book value of total investments, stood at 16.0 (18.5) percent at the end of the year.

Other non-underwriting business

Other non-underwriting business generated a loss of € – 61.4 (– 113.0) million, which mainly resulted from exchange rate losses, scheduled write-downs on insurance portfolios acquired within the Group, expenses for the company on the whole as well as from scheduled allocations to the reserves for Group Equity Incentive plans.

The overall result of the non-underwriting business thus amounted to € 305.4 (159.7) million.

Extraordinary result

As a result of the merger of Stanislas H. Haine N.V., Antwerp, with Allianz Global Corporate & Specialty AG a merger loss of € 9,288 thou was recognized.
The proportionate allocation of pension commitments conversion expenses resulting from the initial application of the German Accounting Law Modernization Act (BilMoG) resulted in extraordinary expenses of € 833 thou.

Overall result

Tax charges for the reporting year came to € 44.0 (98.0) million.

The overall result after taxes was a profit of € 187.2 (279) million. Under the terms of the existing management control and transfer-of-profit agreement, this profit was transferred to Allianz SE.

Corporate agreements

The shareholders of Allianz Global Corporate & Specialty AG are Allianz SE and Allianz IARD S.A.
Allianz SE and Allianz Global Corporate & Specialty AG are linked by a management control and transfer-of-profit agreement.

Branch offices

Allianz Global Corporate & Specialty AG maintains branch offices in London (UK), Paris (France), Vienna (Austria), Copenhagen (Denmark), Milan (Italy), Antwerp (Belgium), Madrid (Spain) and Rotterdam (Netherlands). The new branch offices in Hong Kong (China) and Singapore we set up and have been operating since January 1, 2012.

Outsourcing of functions

Transfer of responsibilities

Accounting and collection functions are provided to the company by the CFO-Accounting units in Munich and Hamburg. The accounting functions of the foreign affiliates are in part handled locally and in part centrally in Munich or the London branch office. For the Italian branch office this service is provided by the local Allianz company.

Investments and asset management

On the basis of group-internal service contracts, these functions are handled by Allianz Deutschland AG, Munich, and by Allianz Investment Management SE, Munich. The portfolio management is handled by Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt/Main.

Information Technology

Computing center services as well as printing and IT services are, depending on the system concerned, provided to Allianz Global Corporate & Specialty AG either by Allianz Managed Operations & Services SE, Munich, or by Allianz Services (UK) Ltd., London.

Employees

Personnel management at Allianz Global Corporate & Specialty AG is strictly aligned with the strategic objectives of the Allianz Group. We promote a performance-oriented corporate culture based on fairness and trust. Allianz Global Corporate & Specialty AG relies on management by objective, performance-based remuneration and the continuous development of its employees. By combining company objectives with individual annual objectives which are fixed in a personal interview by the employee with his/her supervisor at the beginning of the year, all employees and managers take direct responsibility for the contribution they make to the success of the company.

Even before the General Act on Equal Treatment came into force in Germany, Allianz Group – in its Code of Conduct and its worldwide HR Diversity Policy – decreed that nobody was to be discriminated against, particularly not for reasons of origin, religion, gender, disability, age or sexual orientation.

We also offer our employees an exemplary company pension scheme and a group-wide employee stock purchase plan.

One of the central issues of personnel management in 2011 was the targeted training and continuing education of our employees and the introduction of global career paths. The basis for structured talent management is also the ongoing work of our Career Development Conferences.

Another key area is the strengthening and optimization of the operative implementation of the global HR strategy and the definition of a uniform corporate culture.
For this, Allianz Global Corporate & Specialty AG will continue to use the instrument of regular surveys of all employees and managers worldwide. These surveys enable us to build a worldwide corporate culture; they help us to identify the need for optimization, to define the corresponding measures and to bring us closer together as a global company.

At the end of 2011, Allianz Global Corporate & Specialty AG had a total of 1,345 in-house employees.

Facts and figures

	2011	2010
Employees [1]	**1,345**	**1,325**
of which full-time staff	1,325	1,311
of which part-time staff (temps and interns)	20	14
Share of women	44%	46%
Share of men	56%	54%
Share of full-time staff	83%	88%
Share of part-time staff	17%	12%
Age (average in years)	43.0	42.4
Time with the group (average in years)	13.0	13.8

[1] As of 12/31; including dormant employment contracts

Thanks to our employees

The Board of Management would like to take this opportunity to thank all employees for their extraordinary personal commitment in the past year. In addition, we thank those employees who are members of the employee representative bodies for their constructive and fruitful cooperation.

Risk Report

Assuming and managing risk is part of the business model of Allianz Global Corporate & Specialty AG. Well developed risk awareness and the weighing of chances and risks are therefore an integral part of our business processes. The key elements of our risk management are:

- A strong risk management culture, promoted by a solid risk organization and effective risk governance.
- Comprehensive risk capital calculations with the objective of protecting our capital base and supporting effective capital management.
- The integration of capital needs and risk considerations into the decision-making and management process.

This comprehensive approach makes sure that risks are adequately identified, analyzed and evaluated. Our risk propensity is described by a clear risk strategy and a system of limits. Strict risk control and the corresponding reports enable us to detect early on any possible deviations from our risk tolerance.

Organizational embedding of risk management

The responsibility for risk management within the Board of Management lies with the Chief Financial Officer (CFO). The Chief Risk Officer, who is reporting to the CFO, monitors the risks assumed and regularly informs the Board of Management of Allianz Global Corporate & Specialty AG about risk-relevant developments, the current risk profile and capital adequacy. In addition, the Chief Risk Officer makes sure that appropriate measures are taken, for instance in cases where the reduction or avoidance of a risk position is required, and he is responsible for the continued development of the risk management processes.

As an independent risk control function, the Risk Management Department systematically monitors identified risks by means of qualitative and quantitative risk analysis and evaluations and ensures the regular or – in case of need – spontaneous reporting of essential risks to the Board of Management and to Allianz SE.

Headed by the Chief Financial Officer, the AGSC Risk Committee examines all relevant risks on a quarterly basis and agrees on measures for risk mitigation and the continued development of our risk management processes. The Chief Executive Officer, the Chief Financial Officer, the Chief Underwriting Officer Global Corporate as well as the Chief Operating Officer, who are members of the Board of Management, are also members of the AGCS Risk Committee, which ensures close cooperation and interaction between risk control and the Board as a whole. The Chief Risk Officer and/or the Global Head of Risk Management are members of all of the company's key committees: the Reinsurance Committee, the Loss Reserve Committee, the Underwriting Committee as well as the Finance Committee.

The risk management of Allianz Global Corporate & Specialty AG is tied into the risk control system of Allianz SE. Its binding guidelines are the Group Risk Strategy and the Group Risk Policy set down by Allianz SE as well as additional directives for risk management and the modeling of internal risk capital. The controlling body for the risk management of Allianz Global Corporate & Specialty AG is the Group Risk unit of Allianz SE. Other internal and external control functions are vested in the Supervisory Board, Legal & Compliance as well as the Internal Audit.

Risk strategy and risk reporting

The risk strategy defines the core risks of Allianz Global Corporate & Specialty AG, the risk bearing capacity of the company as well as the risk tolerance of the AGCS Board of Management. The current risk profile is controlled by means of the risk report. It provides indicators with specified fixed threshold values and is submitted to the Risk Committee on a quarterly basis. The Risk Committee decides on the implementation of risk mitigation measures.

Risk categories and control measures

In its circular 3/2009, the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) set mandatory Minimum Requirements for Risk Management in Insurance Undertakings (MA Risk [VA]). For grouping its risks, Allianz Global Corporate & Specialty AG uses internal categories which are comparable to those of MaRisk guidelines.
In particular, we monitor:

- Underwriting risk: Premium risk from insufficient premiums charged and reserve risk from insufficient reserves.
- Concentration risk: Risk from natural catastrophes and other highly correlated risks with significant loss exposure or default potential.

- Market risk: The risk of potential losses in the portfolio value of fixed-income investments or stocks as well as the foreign currency and interest risk. In this context we also monitor the liquidity risk in order to ensure our ability to meet our financial obligations whenever they become due.
- Credit risk (including country risk): The risk arising from the insolvency or liquidity shortages of reinsurers, policy holders, insurance brokers and security issuers, as well as reliability risks due to losses stemming from debtors' impaired creditworthiness.
- Operational risk: Risk that arises from inadequate or failed internal processes and controls. It may be caused by technology, employees, the organization or by external influences and legal risks.

Other, non-quantifiable risks are monitored by means of structured identification and evaluation processes. These risks are:

- Strategic risk: Risk resulting from strategic business decisions. This includes risks caused by business decisions that are not adapted to a changed economic environment.
- Reputational risk: The risk that arises from possible damage to an undertaking's reputation as a consequence of negative public perception.

Premium risks are controlled primarily with the help of actuarial models used to calculate premiums and monitor claim patterns. In addition, we issue guidelines for concluding insurance contracts and underwriting insurance risks. In pricing the risks we underwrite we also aim to control the combined ratio within clearly defined limits, and we continually test our expectations for the development of the combined ratio by means of regular analysis of the claims development.

We control reserve risks by constantly monitoring the provisions for insurance claims that have been submitted but not yet settled and by amending these provisions if necessary. For this we use various actuarial methods. In business lines with a comparably shorter claims history, such as financial lines, we have developed factor-based approaches that enable us to continually monitor the adequacy of the provisions made.

Concentration risks occur in connection with natural catastrophes such as earthquakes, storms and floods and represent a special challenge for risk management. In order to manage such risks and to better estimate the potential effects of natural disasters, we use special modeling techniques based on probability. These involve the correlation of information on our portfolios – for example the geographic distribution of the amounts covered – with simulated natural disaster scenarios to estimate potential damages. This approach makes it possible to determine the possible effects and concentration of these events. Where such models do not exist, for example for the storm risk in Asia, we use scenario-based deterministic approaches. We control our exposure to natural catastrophes by means of a limit system and the monthly monitoring of possible damages caused. The insights gained this way are used to limit the risks we underwrite and to calculate the capital efficiency of a risk transfer toward the reinsurance market.

Market risks. The investments of Allianz Global Corporate & Specialty AG are centrally managed by the specialists of Allianz Investment Management SE (AIM SE). The investment strategy is aligned with the needs of the asset-liability management of Allianz Global Corporate & Specialty AG. The investment strategy is implemented by AIM SE within the framework of an investment risk and limit system established by Allianz Global Corporate & Specialty AG. This risk and limit system is adjusted annually and adopted by the AGCS Risk Committee and the Finance Committee. The efficient implementation of the investment strategy also involves the use of derivatives and structured products.

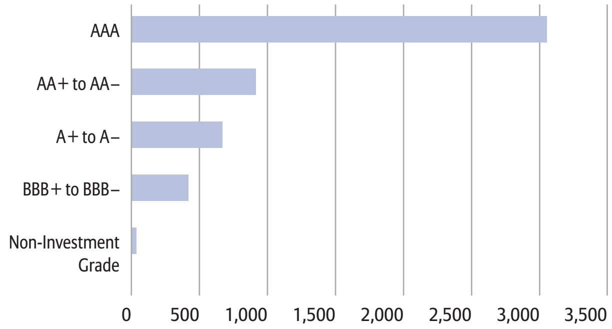
Our investments are broadly diversified according to type of investment (shareholdings, stocks, fixed-income securities), solvability and geographic location. A continuous risk analysis is performed by our investment management. Allianz Global Corporate & Specialty AG holds a conservative investment portfolio in which stocks (not including participations) have a share of approximately 4 percent at present values. By means of various stress scenarios we regularly monitor the sensitivity of the portfolio with respect to market changes such as falling stock prices or yield curve shifts. Market risks from derivatives are assessed and controlled by means of up-to-date value-at-risk calculations, stress tests and the setting of limits.

Due to the international orientation of the business of Allianz Global Corporate & Specialty large parts of the reserves are constituted in foreign currencies. Overall, the share of foreign currencies of the insurance reserves including unearned premiums amounts to approximately 37 percent. Our primary exposures are in USD (20 percent) and GBP (10 percent). Allianz Global Corporate & Specialty AG actively controls the currency risks resulting from this situation. This process takes into account all balance sheet items subject to currency conversion. In addition to provisions this also includes all receivables and liabilities as well as investments in foreign currencies. To hedge our currency exposure we also use FX derivatives within precisely defined limits to obtain an effective and timely minimization of currency risks. The monthly control of currency risks is based on monthly data.

In fiscal 2011, the current premium and investment income of Allianz Global Corporate & Specialty AG exceeded claims payouts and expenses. To be able to cope with possible liquidity risks that might arise nonetheless, a large part of our investments are in highly liquid government bonds, and our insurance commitments are to the greatest extent backed by funds with matching maturities. Constant surveillance is ensured through rolling wave planning of short-, medium- and long-term liquidities and by continuous liquidity and cash flow analysis.

Credit risks. The issuers of our fixed-income investments are predominantly governments and banks. We have set limits with respect to minimum rating classes and in view of concentration risks.
Of our total investments approximately 48 percent are fixed-income investments with banks; of these, about 59 percent are secured as German or other covered bonds, while 23 percent are investments with institutions close to the government. Overall, the great majority of our fixed-income securities are issued in Germany or the Euro-zone.
The following chart shows the distribution of the fixed-income investments of Allianz Global Corporate & Specialty AG at the end of 2011 by rating class (according to Standard & Poor's).

Fixed-income investments by rating class as of December 31, 2011, including fund holdings at fair value:



Credit limits are centrally controlled by Allianz SE, and their compliance is monitored by Allianz Global Corporate & Specialty.

To cope with the continuing crisis of the financial markets which entails growing solvency risks, particularly for banks, and the heavy fluctuations in the stock market, additional risk management processes were implemented:

- Special surveillance of the exposure to financial service providers, particularly banks.
- Specific scenario calculations for the overall portfolio.

As a precautionary measure we have continued to reduce our exposure in the PIIGS countries (Portugal, Ireland, Italy, Greece, Spain) in 2011 to a minimum; it now amounts to less than 0.5 percent of fixed-income investments.

For the quantification of the credit risk resulting from reinsurance we use information on ceded reserves compiled Group-wide. To control the credit risk with respect to our reinsurance partners, we consider only companies that offer excellent collateral. At December 31, 2011, approximately 30 percent of our reserves were ceded to reinsurers within the Allianz Group, and 70 percent to external reinsurers. The solvency of our reinsurance exposure is tested at least once a year; the most recent test was performed in August 2011 as of December 31, 2010. It showed that 72 percent of our reserves were ceded to reinsurers that had been assigned at least an "A" rating by Standard & Poor's. Since pools have no ratings of their own, the exposure to pools was determined in analogy to the pool's composition. In addition, letters of credit, deposits and other financial measures to further minimize the credit risk may be requested.

At December 31, 2011, total third-party receivables with due dates exceeding 90 days amounted to € 137 million (not including write-offs for impairment of receivables). The average default rate for the past three years was 1 percent.

Operational risks refer to losses which arise because business processes, employees or systems are inappropriate and entail unfavorable developments, because external events such as power failures or flooding cause a business interruption, because losses are incurred through employee fraud or because the company loses a law suit. Operational risks are controlled by a comprehensive system of internal security measures and checks as well as a multitude of technical and organizational measures. Among others, these include IT safety such as backup systems and firewalls, as well as internal control systems (for example the four-eye principle). The independent Internal Audit regularly examines our internal control processes.
In particular, all processes that can have an impact on financial reporting are documented and examined. Possible risks are minimized by controls. The implementation and internal testing of the corresponding controls was applied to the full fiscal year 2011.
Fiscal 2011 also was the first year in which – following a structured approach – we examined scenarios representing possible operational risks.
We meet the requirements of our expanding business as an industrial insurer by continually integrating and upgrading our IT system landscape, for example through the introduction of Global Genius, a system for the worldwide uniform administration of our insurance contracts.

Limiting our legal risks is an essential task that is carried out by our legal department with the support of the operating departments. The objective is to insure that laws are observed, to react appropriately to all impending legislative changes or new court rulings, attend to legal disputes and litigation, and provide legally suitable solutions for transactions and business processes. Other, non quantifiable risks such as strategic and reputational risks are assessed and evaluated in qualitative terms as part of a Top Risk Assessment at least once a year. Special attention was given to risks arising from the current macro-economic situation in the European economic area. In addition to monitoring risks stemming from the present economic context it was also made sure that strategic business decisions were effectively implemented.

Reputational risks are controlled by including all potentially concerned functions such as investments, underwriting, human resources, communication and the legal department. To avoid risks resulting from a possible damage to the company’s reputation because of the negative public perception of our actions, certain critical decisions are subject to a rigorous review process that actively involves the communication department as well as risk management, if required.

Risk bearing capacity

The solvency test in the fourth quarter of 2011 was passed with 302 percent. In addition, the stress tests required by the Federal Financial Supervisory Authority were passed with a wide safety margin. Due to our systematic planning and implementation of the requirements of the European Solvency II Project we are also well prepared for future regulatory requirements. The actual risk situation, which, with the help of stress tests, also tests the risk of future developments, thus remains largely within the company’s risk bearing capacity.

In planning the future development of the company, AGCS takes into account a three-year time horizon. The current planning for the time horizon 2012 to 2014 is based on the assumption that our business results will continue their positive development.

Outlook

For the coming three years, Allianz Global Corporate & Specialty AG expects annual premium growth of up to 6 percent. In this respect, the company does not primarily pursue a growth strategy but aims to increase its profitability. Against the emerging backdrop of slowing economic growth in the Euro countries Allianz Global Corporate & Specialty AG for 2012 expects higher premium volumes mainly in Asia and Latin America. In 2012, Hong Kong and Singapore will be integrated as branch offices into Allianz Global Corporate & Specialty AG with the objective of aggressively pursuing the expansion of our business in these regions. Growth in these areas will primarily be generated in the Energy and Financial Lines as well as in the MidCorp business (industrial customers with sales of less than of € 500 million). We are also planning the creation of a reinsurance company in Brazil to adapt to changes in the regulatory context in the local market and thus establish the prerequisites for the further development of our business in the coming years. The required license has not yet been granted. This reinsurance company will be a fully-owned subsidiary of Allianz Risk Transfer AG, Zurich, and thus an indirect participation of Allianz Global Corporate & Specialty AG. In addition, it is planned to merge AGCS (France), Paris, with Allianz Global Corporate & Specialty AG. In this context, Allianz Global Corporate & Specialty AG is to be transformed into a Societas Europaea (SE). In 2011, AGCS (France) reported a gross premium volume of € 630.9 million. At December 31, 2011, the investments of AGCS (France) amounted to € 1,277.8 million and its underwriting reserves to € 983.3 million. In the course of the intended merger, the existing reinsurance relations between the two companies (€ 42.1 million gross premiums written in 2011) will be terminated.

In view of the unchanged heavy competition and overcapacities in the market, a general reversal of the rate trend is not yet likely in 2012. Instead, we expect isolated positive price developments in certain markets and insurance lines.

It is not expected that the loss expenses in the coming years will remain at the high level of 2011. Therefore, Allianz Global Corporate & Specialty AG expects in comparison to 2011 a positive development of the combined ratio, which for the years 2012 to 2014 should be around 94 percent. Despite continued high investments in information technology over the next three years, the cost ratio will also have a positive effect on the combined ratio. The clear focus on cost management will remain unchanged.

The existing reinsurance concept of Allianz Global Corporate & Specialty AG will be continued essentially unchanged in 2012. In some segments such as Aviation, Engineering Insurance and D&O Financial Liability Insurance, coverage was extended to meet growing capacity demands. In Natural Catastrophe Insurance, however, coverage limitations had to be accepted since the reinsurance market as a result of various market events only offers lower coverage amounts than in the past.

Allianz Global Corporate & Specialty AG is going to pursue its safety-oriented investment strategy in the future. In this respect the company will continue to rely on the Allianz Group's wealth of experience with investments in Germany and other counties.

To reduce the dependence on developments in the capital markets and to further diversify the investment portfolio of Allianz Global Corporate & Specialty AG we are planning investments in real estate and inflation-proof debt securities.

These plans are based on the assumption that the capital markets will be stable. Because of the persistent insecurity with respect to future developments in the capital markets, the coming years may have a corresponding negative or, conversely, positive impact on the market value and investment results of Allianz Global Corporate & Specialty AG.

The above statements are subject to the proviso that natural disasters, adverse developments in the capital markets or other factors may undermine the validity of our forecasts to a greater or lesser extent.

Munich, February 29, 2012
Allianz Global Corporate & Specialty AG

The Board of Management

Dr. Theis	Berger	Browne	Fischer Hirs
Dr. Jörissen	Mai	Moossmann	Scaldaferri
Tartaglia			

Annual Financial Statements
Allianz Global Corporate & Specialty AG

Balance Sheet as of December 31, 2011

Assets

	2011 € thou	2011 € thou	2011 € thou	2010 € thou
A. Intangible assets				
I. Licenses acquired against payment, industrial property rights and similar rights and assets as well as licenses for such rights and assets			22,761	37,942
B. Investments				
I. Investments in affiliated and associated enterprises		648,102		649,142
II. Other investments		5,169,290		4,940,685
III. Funds held by others under reinsurance business assumed		69,566		33,837
			5,886,958	5,623,664
C. Receivables				
I. Accounts receivable from direct insurance business				
1. Policy holders	76,840			96,318
2. Insurance brokers	344,731			289,706
including from affiliated enterprises: € thou 3,111 (665)				
		421,571		386,024
II. Accounts receivable on reinsurance business		288,208		368,104
including from affiliated enterprises: € thou 118,067 (164,484)				
III. Other receivables		141,714		112,649
including taxes of: € thou 13,801 (13,970)				
including from affiliated enterprises: € thou 13,094 (31,710)				
			851,493	866,777
D. Other assets				
I. Cash with banks, checks and cash on hand		33,840		28,258
II. Miscellaneous assets		28,220		23,838
			62,060	52,096
E. Deferred income and prepaid expenses				
I. Accrued interest and rent		42,964		43,586
II. Other prepaid expenses and deferred income		–		12,919
			42,964	56,505
F. Excess of plan assets over pension liabilities / pension provisions			340	393
Total assets			6,866,576	6,637,377

Equity and Liabilities

	2011 € thou	2011 € thou	2011 € thou	2010 € thou
A. Shareholders' equity				
I. Capital stock		36,740		36,740
II. Additional paid-in capital		1,108,296		1,108,296
III. Appropriated retained earnings				
other retained earnings		8,355		8,355
			1,153,391	1,153,391
B. Insurance reserves				
I. Unearned premiums				
1. Gross	806,105			657,943
2. Less: amounts ceded	276,180			252,329
		529,925		405,614
II. Reserve for loss and loss adjustment expenses				
1. Gross	5,170,442			4,757,343
2. Less: share in reinsured insurance business	1,599,371			1,514,356
		3,571,071		3,242,987
III. Claims equalization and similar reserves		854,789		780,281
IV. Other insurance reserves				
1. Gross	35,709			33,261
2. Less: share in reinsured insurance business	3,308			2,918
		32,401		30,343
			4,988,186	4,459,225
C. Other accrued liabilities			90,671	93,887
D. Funds held under reinsurance business ceded			7,178	4,884
E. Other liabilities				
I. Accounts payable on direct insurance business to				
1. Policy holders	9,717			6,324
thereof residual term of up to one year: € thou 9,717 (6,324)				
2. Agents	54,587			52,231
thereof to affiliated enterprises: € thou 5,351 (338)				
thereof residual term of up to one year: € thou 54,587 (52,231)				
		64,304		58,555
II. Accounts payable on reinsurance business		258,286		318,493
thereof to affiliated enterprises: € thou 54,726 (54,801)				
thereof residual term of up to one year: € thou 258,286 (318,493)				
III. Liabilities to banks		28		55
thereof residual term of up to one year: € thou 28 (55)				
IV. Miscellaneous liabilities		304,532		546,243
thereof from taxes: € thou 54,368 (49,771)				
thereof to affiliated enterprises: € thou 164,063 (351,909)				
thereof residual term of up to one year: € thou 304,532 (546,243)				
			627,150	923,346
F. Other accrued liabilities			–	2,644
Total equity and liability			6,866,576	6,637,377

I herewith confirm that the cover provisions stated in the balance sheet under item B. II of the capital and liabilities have been calculated in compliance with sections 341 f and 341 g HGB as well as the statutory orders issued on the basis of section 65 1 VAG [Law on the Supervision of Insurance Companies].

Munich, January 24, 2012
The Responsible Actuary
Klaus-Peter Mangold

Income Statement

For the period from January 1 to December 31, 2011

	2011 € thou	2011 € thou	2011 € thou	2010 € thou
I. Technical account				
1. Premiums earned – net				
a) Gross premiums written	2,725,443			2,408,614
b) Premiums ceded	– 967,727			– 752,552
		1,757,716		1,656,062
c) Change in unearned premiums – gross	– 133,043			– 15,623
d) Change in unearned premiums ceded – gross	19,967			17,714
		– 113,076		2,091
			1,644,640	1,658,153
2. Allocated interest return – net			22	1
3. Other underwriting income – net			633	410
4. Loss and loss adjustment expenses – net				
a) Claims paid				
aa) Gross	– 1,436,043			– 1,303,817
bb) Amounts ceded in reinsurance	563,024			302,357
		– 873,019		– 1,001,460
b) Change in reserves for loss and loss adjustment expenses				
aa) Gross	– 313,197			– 158,378
bb) Amounts ceded in reinsurance	31,558			95,902
		– 281,639		– 62,476
			– 1,154,658	– 1,063,936
5. Change in other insurance reserves – net			– 290	– 3,384
6. Underwriting expenses – net			– 473,339	– 432,248
7. Other underwriting expenses – net			– 6,408	– 2,296
8. Subtotal			10,600	156,700
9. Change in claims equalization and similar reserves			– 74,508	– 37,610
10. Net technical result			– 63,908	119,090

	2011 € thou	2011 € thou	2010 € thou
II. Non-technical account			
1. Investment income	386,130		289,545
2. Investment expenses	– 19,225		– 16,806
	366,905		272,739
3. Allocated interest run	– 24		– 17
		366,881	272,722
4. Other income	43,461		65,579
5. Other expenses	– 104,908		– 178,596
		– 61,447	– 113,017
6. Non-technical result		305,434	159,705
7. Earnings from ordinary activities before taxes		241,526	278,795
8. Extraordinary income	–		98,820
9. Extraordinary expenses	– 10,121		– 593
10. Extraordinary result		– 10,121	98,227
11. Income taxes	– 44,025		– 97,962
less amounts charged to other group companies: € thou 25,254 (77,046)			
12. Other taxes	– 176		– 59
		– 44,201	– 98,021
		187,204	279,001
13. Profit transferred because of a profit pool,			
a transfer-of-profit or transfer-of-partial profit agreement		– 187,204	– 279,001
14. Net income		–	–

Notes

Applicable legal regulations

The company's Financial Statements and the Management Report are prepared in accordance with the regulations contained in the German Commercial Code (HGB), taking into account the Accounting Law Modernization Act ("Bilanzrechtsmodernisierungsgesetz, BilMoG"), the Corporation Law (AktG), the Law on the Supervision of Insurance Enterprises (VAG), and the Government Order on the External Accounting Requirements of Insurance Enterprises (RechVersV). The amounts in the financial statements are stated in euro thousand (€ thou).

Accounting, valuation and calculation methods

Intangible assets

These are recorded at their acquisition cost less tax-allowable depreciation.

Shares in affiliated enterprises and participations

These are valued according to the moderate lower-value principle and carried at amortized cost or a lower long-term fair value.
Write-downs are made if the amortized cost of acquisition at the balance sheet date is higher than the market value or the long-term fair value.

Other investments

Stocks, interests in funds, debt securities, and other fixed and variable income securities

Securities held as current assets according to section 341 b HGB in conjunction with section 253 (1), (4) and (5) HGB are valued in accordance with the strict lower-value principle and carried at average cost of acquisition or the lower market value. Investments recognized in accordance with the rules applicable to fixed assets are intended to serve the business on a permanent basis. Their purpose is attributed at the time the investment is added. The attribution is reviewed when changes in the investment strategy are made or a divestment is considered. These securities are valued in accordance with the moderate lower-value principle and reported at average acquisition costs or a lower long-term fair value. Permanent impairments are recognized in the Income Statement. For impairments deemed to be temporary there is a choice with respect to their amortization. As in the previous fiscal year, AGCS in 2011 opted to not recognize temporary impairments for economic reasons. This results in undisclosed liabilities.

Registered bonds, debentures and loans

These are valued according to the moderate lower-value principle and carried at amortized cost.

Due to the conversion from face value accounting to amortized cost accounting in application of the effective interest method, the accounting and valuation method was adjusted in 2011 in accordance with the modification of section 341 c HGB. Regarding registered bonds, this adjustment was optional. In all other cases it was mandatory. This results in a one-off effect. The premium and discount amounts that were previously reported as unearned income were considered as additions and disposals in 2011.
For registered bonds, debentures and loans the difference between acquisition cost and redemption amount is amortized over the remaining period based on the effective interest method.
Write-downs are made if the market value at the balance sheet date is lower than the amortized cost of acquisition or the long-term fair value.

Bank deposits

These are recorded at face value.

Requirement to reinstate original values and write-ups

The requirement to reinstate original values applies to assets that were written down to a lower market value in past years. If their value at the balance sheet date is higher than the book value, they must be written up again. The write-up is made either up to amortized cost or to a lower long-term or market value.

Funds held by others under reinsurance business accepted

In accordance with section 341 c HGB these items are recorded at face value.

Receivables and other assets

These include the following:

a) accounts receivable on direct insurance business
b) accounts receivable on reinsurance business
c) other receivables
d) cash with banks, checks and cash on hand
e) other assets

These are recorded at face value less repayments. For accounts receivable on direct insurance business, general loss allowances are made to account for the credit risk.

Other assets are carried at acquisition cost less cumulated depreciation. Low-value assets worth up to € 150 are written off immediately. A compound item for tax purposes was formed in accordance with section 6 (22 a) of the German Income Tax Act (EStG) for assets from € 150 to € 1,000. This item is released with profit-decreasing effect in the year of formation and in the subsequent four years, by one fifth in each year.

Plan assets

Securities to meet liabilities resulting from retirement provision commitments are valued at fair value in accordance with section 253 (1) HGB and offset against the liabilities in accordance with section 246 (2) HGB.

Deferred tax assets

The company does not use its capitalization option according to section 274 (1) HGB to constitute a deferred tax asset on the temporary difference between the accounting valuation of assets, liabilities and deferred income/prepaid expenses and their tax-based valuation, if these differences will result in tax relief in the following years.

Insurance reserves

Unearned premiums

In the direct insurance business, unearned premiums are predominantly determined according to the daily calculation method. In engineering insurance, unearned premiums are accrued as a function of the risk experience for each contract. Payments to agents were deducted as non-transferable portions according to tax guidelines. Flat rates were applied to a limited extent. For reinsurance business assumed, unearned premiums were determined on the basis of the information provided by the ceding insurers. The reinsurers' share deducted from the gross unearned premiums was calculated according to the same principles as the gross premiums, likewise with deduction of non-transferable portions.
In respect of quota charges with participation in the original costs, the proportional unearned premiums were accordingly deducted from the quota share of the reinsurer.

Reserve for loss and loss adjustment expenses

The gross reserve for direct insurance business consists of the following partial reserves:

Reserves for known insured losses (not including annuities) are generally determined individually on a per case basis according to the probable payout.

Aggregate policy reserves for annuities in the direct insurance business are calculated for each annuity on the basis of actuarial principles, taking into account the mortality according to the DAV 2006 HUR mortality table.

For already incurred or caused but not yet reported losses, late claims reserves are set up on the basis of the experience from previous years.

For loss adjustment expenses to be expected in settling outstanding losses, reserves are constituted in accordance with the decree of the Federal Ministry of Finance of February 2, 1973.

Receivables from recourse, salvages and apportionment agreements are recognized for the amounts to which they could be expected to be materialized.

For reinsurance business accepted the reserves are set up according to information provided by the ceding insurers.

For reinsurance ceded the reinsurers' shares of the reserves are calculated in accordance with the reinsurance contracts.

To account for the reinsurers' default risk, individual reinsurers' shares for claims not yet settled are curtailed.

Equalization reserve and reserves similar to the equalization reserve

The claims equalization reserve and the reserves for nuclear, pharmaceutical and terrorist risks are calculated for the net retention portion according to section 341 h HGB in conjunction with sections 29 and 30 of the Government Order on the External Accounting Requirements of Insurance Enterprises (RechVersV).
For the equalization reserve in the "other insurance" line, Allianz Global Corporate & Specialty AG makes use of the possibility of a further sub-division according to the type of insurance.

Other insurance reserves

Direct insurance business:

Reserve for cancellations

The reserve for cancellations is determined on the basis of the previous years' experience.

Reserve for anticipated losses

The assessment is based on expected premium income as well as loss and cost developments for the respective line of business. The reserve is calculated taking into account proportional interest income from the underwriting reserves for the deductible portion only.
The reserve is calculated for both the direct insurance business and for reinsurance assumed. It was not necessary to set up such a reserve during the reporting year.

Reserve for contractual subsequent premium settlement

This reserve is set up by way of precaution for possible return premiums, which only become due after the expiry of an observation period of a number of years.

Other reserves

Pension reserves are calculated on the basis of actuarial principles. The conversion expenses resulting from the first-time application of the Accounting Law Modernization Act (BilMoG) in 2010 will be distributed over a period of up to fifteen years. In fiscal 2011, essentially one fifteenth of this amount is recognized as an extraordinary expense. This results from the retirement commitments, which are centrally recorded at Allianz SE (see Contingent Liabilities). The provisions for jubilee payments, phased-in early retirement and early retirement benefits are also calculated on the basis of actuarial principles. The obligations calculated in this manner are recognized in total as a liability. With respect to the discount rate, the simplification option set out in section 253 (2) HGB has been applied (duration of fifteen years). The effect resulting from the change in the discount rate is reported under other non-technical result. Additional information on the accounting of company pension commitments and similar commitments is provided under “Contingent Liabilities” below.

Liabilities

They include the following:
a) funds held under reinsurance business ceded
b) liabilities from direct insurance business
c) accounts payable on reinsurance business
d) liabilities towards banks
e) other liabilities

These liabilities are stated at the amounts payable on maturity.

Approximation and simplification methods

To the extent that calculations from ceding insurers are not received in time for the fiscal year, the corresponding amounts are estimated on the basis of past experience, taking into account current developments.

Currency translation

Transactions are generally recorded in the original currency and converted into Euro at the relevant daily rate (middle forex spot rate) on the day of the transaction.

Investments denominated in foreign currencies are valued at the middle forex spot rate at the balance sheet date. This is done by means of the acquisition cost principle. For fixed asset investments the moderate lower-value principle is used while for current asset investments the strict lower-value principle is used.

As a result of this valuation method, currency gains and losses are not separately determined and shown as foreign exchange gains/losses in the other non-technical result. Instead, the net effect of both change of currency exchange rates and value in original currency is reflected in the impairments/reversals of impairments and realized gains/losses calculated for these asset classes and disclosed in the investment result.

All receivables and liabilities recorded in foreign currencies are valued with the middle forex spot rate at the balance sheet date. Exchange rate differences resulting from this valuation of foreign currency positions are recorded as income according to section 256 a (1 and 2) HGB.

Provisions are valued at the settlement amount at the balance sheet date in accordance with section 253 (1 and 2) and section 341 e (1) HGB and converted with the middle forex spot rate. Prepaid expenses and deferred income are converted with the middle forex spot rate according to section 250 HGB, not taking into account the realization or imparity principle.
The resulting exchange rate differences are recorded as income.

Bar on dividend distribution

The amount barred from dividend distribution is determined according to section 268 (8) HGB and taken into account in the calculation of the profit to be transferred in accordance with section 301 AktG.

Change of assets A., B.I., B.II. in fiscal 2011

	Values stated as of 12/31/2010		Additions	Disposals
	€ thou	%	€ thou	€ thou
A. Intangible assets				
1. Licenses acquired against payment, industrial property rights and similar rights and assets as well as licenses for such rights and assets	37,942		635	1,303
B.I. Investments in affiliated and associated enterprises				
1. Shares in affiliated and associated enterprises	649,142	11.6	8,760	9,800
Subtotal B.I.	**649,142**	**11.6**	**8,760**	**9,800**
B.II. Other investments				
1. Stocks, investment fund units and other variable income securities	2,626,397	47.0	304,672	205,239
2. Bearer bonds and other fixed-income securities	996,268	17.8	829,114	675,551
3. Other loans				
a) Registered bonds	998,238	17.9	147,802	191,442
b) Note loans and loans	274,500	4.9	6,456	74,146
4. Bank deposits	45,282	0.8	91,002	–
Subtotal B.II.	**4,940,685**	**88.4**	**1,379,046**	**1,146,378**
Subtotal B.I. through B.II.	**5,589,827**	**100.0**	**1,387,806**	**1,156,178**
Total	5,627,769		1,388,441	1,157,481

Intangible assets (Assets A.)

This balance sheet position essentially comprises the acquisition cost of the insurance portfolios acquired within the Group, less scheduled depreciation and capitalized own and third-party expenses for the system integration of purchased software.

Shares in affiliated and associated enterprises (Assets B.I.)

Shares in affiliated and associated enterprises were composed as follows in fiscal 2011:

	2011 € thou	2010 € thou
Shares in affiliated enterprises		
Allianz Global Corporate & Specialty (France), Paris	375,635	375,635
Allianz Risk Transfer AG, Zurich	186,242	186,242
Allianz Insurance Company of Singapore PTE Ltd., Singapore	22,000	22,000
Allianz Insurance (Hong Kong) Ltd., Hong Kong	15,400	15,400
Allianz Fire and Marine Insurance Japan Ltd., Tokyo	37,381	28,706
Other	11,444	21,159
Total investments in affiliated enterprises	**648,102**	**649,142**

Write-ups	Depreciation	Transfers	Net additions (+) disposals (–)	Values stated as of 12/31/2011	
€ thou	€ thou	€ thou	€ thou	€ thou	%
–	14,513	–	– 15,181	22,761	
–	–	–	– 1,040	648,102	11.1
–	**–**	**–**	**– 1,040**	**648,102**	**11.1**
–	–	–	99,433	2,725,830	46.9
1,438	5,501	–	149,500	1,145,768	19.7
–	–	–	– 43,640	954,598	16.4
–	–	–	– 67,690	206,810	3.6
–	–	–	91,002	136,284	2.3
1,438	**5,501**	**–**	**228,605**	**5,169,290**	**88.9**
1,438	**5,501**	**–**	**227,565**	**5,817,392**	**100.0**
1,438	**20,014**	**–**	**212,384**	**5,840,153**	

Interests in investment funds in accordance with section 285 (26) HGB

Name of fund	Investment objective	Return of fund shares	Book value 12/31/2011	Fair value of fund shares 12/31/2011	Valuation reserve 12/31/2011	Dividend distribution in fiscal 2011
			€ thou	€ thou	€ thou	€ thou
Stock funds						
ALLIANZ AVI 1 FONDS	stock fund	each trading day	54,317	54,023	– 294	522
ALLIANZ GLA FONDS	stock fund	each trading day	33,853	30,361	– 3,492	344
ALLIANZ GREQ FONDS	stock fund	each trading day	170,036	157,718	– 12,318	1,418
Total	**stock funds**		**258,206**	**242,102**	**– 16,104**	**2,284**
Bond funds						
ALLIANZ GLU FONDS	bond fund	each trading day	558,388	609,679	51,291	44,784
ALLIANZ GRGB FONDS	bond fund	each trading day	242,383	258,873	16,490	12,266
ALLIANZ GLR FONDS	bond fund	each trading day	521,037	608,772	87,735	5,057
ALLIANZ GLRS FONDS	bond fund	each trading day	1,144,695	1,234,971	90,276	112,751
ALLIANZ SYSFI FONDS	bond fund	each trading day	–	–	–	3,556
Total	**bond funds**		**2,466,503**	**2,712,295**	**245,792**	**178,414**
Total			**2,724,709**	**2,954,397**	**229,688**	**180,698**

List of participations in accordance with section 285 (11) HGB

Name and place	Owned %	Equity € thou	Net earnings € thou
Allianz Global Corporate & Specialty (France), Paris	100.00	595,689	24,456
Allianz Risk Transfer AG, Zurich [4]	100.00	559,280	12,463
Allianz Risk Transfer Inc., New York [3]	100.00	45,033	8,560
Allianz Risk Transfer (Bermuda) Ltd., Bermuda [3]	100.00	50,587	3,737
Allianz Risk Transfer N.V., Amsterdam	100.00	30,570	225
Allianz Insurance Company of Singapore PTE Ltd., Singapore [8]	100.00	28,441	3,127
Allianz Services (UK) Ltd., London [2]	100.00	20,130	4,187
Prism Re, Bermuda [3]	99.00	14,174	180
Allianz Insurance (Hong Kong) Ltd., Hong Kong [7]	100.00	12,336	440
Allianz Marine (UK) Ltd., London [2]	100.00	11,000	– 793
SpaceCo, Paris	100.00	9,742	4,477
Allianz Fire and Marine Insurance Japan Ltd., Tokyo [1) 6)]	100.00	21,836	4,976
Allianz Global Corporate & Specialty South Africa Ltd., Johannesburg [5]	100.00	9,581	4,224
Allianz of South Africa (Proprietary) Limited, Johannesburg [5]	100.00	9,363	4,373
Assurance France Aviation S. A., Paris	100.00	3,221	– 199
Allianz Risk Transfer (UK) Ltd., London [2]	100.00	1,601	– 68
Allianz Risk Consulting GmbH, Munich	100.00	1,216	– 179
EF Solutions LLC, US, New York [3]	100.00	385	– 632
Allianz Risk Consultants B.V., Rotterdam	100.00	157	– 10
Allianz Global Corporate & Specialty AG, Escritorio de Representacao no Brasil Ltda., Sao Paolo [9]	99.00	61	–
Brunei National Insurance Company Berhad Ltd., Brunei [10]	25.00	6,295	656

All figures from 2010
1) Fiscal year from May to April; figures from May 2011
2) Converted from GBP to EUR, closing exchange rate 12/31/2011: 0,8353
3) Converted from USD to EUR, closing exchange rate 12/31/2011: 1,29815
4) Converted from CHF to EUR, closing exchange rate 12/31/2011: 1,2139
5) Converted from ZAR to EUR, closing exchange rate 12/31/2011: 10,4805
6) Converted from JPY to EUR, closing exchange rate 12/31/2011: 99,8797
7) Converted from HKD to EUR, closing exchange rate 12/31/2011: 10,0822
8) Converted from SGD to EUR, closing exchange rate 12/31/2011: 1,68325
9) Converted from BRL to EUR, closing exchange rate 12/31/2011: 2,42135
10) Converted from BND to EUR, closing exchange rate 12/31/2011: 1,68325

Market value of investments

	Market value 12/31/2011 € thou	Market value 12/31/2010 € thou
B.I. Investments in affiliated and associated enterprises		
1. Shares in affiliated and associated enterprises	1,211,225	1,234,474
B.II. Other investments		
1. Shares, investment fund units and other variable interest securities	2,955,652	2,968,378
2. Bearer bonds and other fixed-interest securities	1,219,696	1,037,844
3. Other loans		
a) Registered bonds	1,017,104	1,055,049
b) Promissory notes and loans	220,784	290,878
4. Overnight and fixed-term funds	136,283	45,282
B.III. Funds held by others under reinsurance business assumed	69,566	33,837
Total investments	6,830,310	6,665,742

The following valuation methods were used to determine market values:

The fair value of shares in affiliated enterprises and participations were determined by means of the discounted cash-flow method (EWV). Individual shares in affiliated enterprises were carried at acquisition cost in the first year of investment.

The fair values of stocks, interests in investment funds and other variable-rate securities were determined on the basis of the stock exchange price quoted on the last trading day of the year, if available. For special funds, the value communicated by the investment company was used.

The fair values of exchange-listed fixed-term securities such as bearer bonds and other fixed-rate securities were determined on the basis of the stock exchange price quoted on the last trading day of the year, if available.

For non-quoted fixed-term investments (other loans, mortgages) the fair value was determined on the basis of evaluations by independent pricing services or according to the discounted cash-flow method. For this, the effective interest rate was used.

For Asset Backed Securities (ABS) the market values are supplied by independent commercial banks. With the exception of a small number of cases, these were calculated with valuation models based on readily observable market data.

Undisclosed liabilities

The fixed asset investments carried at acquisition cost less cumulated depreciation include undisclosed liabilities in the amount of € 16,290 thou. No write-down to fair value was made because an analysis according to standardized methods found that the long-term market value of the investments concerned exceeded their fair value.

Miscellaneous assets (Assets D.II.)

This position mainly involves options on Allianz SE shares, which are used to hedge company risks in connection with Group Equity Incentives. The book value of the Allianz Long Call is valued at acquisition cost or at the lower market value, according to section 253 (3) HGB.

Excess of plan assets over pension liability/pension provisions (Assets F.)

Assets used to cover debt from pension liabilities or similar long-term liabilities and which are inaccessible to all other creditors must mandatorily be offset against the reserves for these obligations. If the fair value of these assets exceeds the value of the corresponding reserves, the excess must be recognized as "Excess of plan assets over pension liability/pension provisions" on the asset side of the balance sheet. This item amounts to € 340 (393) thou.

Other prepaid expenses and deferred income (Assets E.II.)

In 2010, this position included among others premiums on registered bonds, promissory notes and loans in the amount of € 12,919 thou, which, as a result of the conversion from face value accounting to amortized cost accounting in application of the effective interest method are no longer recognized in this manner in 2011. The resulting one-off effect is recognized under additions for the investments in question.

Deferred tax assets

Based on the capitalization option of section 274 (1) sentence 2 HGB the surplus of deferred tax assets over deferred tax liabilities will not be recognized.

The main differences between accounting and tax-based valuation arise from the balance sheet items investments and reserve for loss and loss adjustment expenses, which result in deferred tax assets.

Deferred tax assets in Germany are valued with a tax rate of 31 percent and in other countries with the applicable local tax rate.

Bar on dividend distribution

The amount barred from dividend distribution according to section 268 (8) HGB in connection with section 301 AktG amounts to € 283 (256) thou and exclusively concerns the valuation of plan assets at fair value according to section 246 (2) HGB. The amount barred from dividend distribution is completely covered by unappropriated reserves and is thus transferred in full.

Valuation units

Option rights and equity swaps acquired for hedging group equity incentive plans are combined with the corresponding underlying transactions in valuation units if they are linked by a direct hedging relationship. The underlying transactions are recorded under other reserves while the hedging transactions are recorded under miscellaneous assets.

For the valuation units formed, a micro-hedge approach is used to completely exclude price fluctuation risks stemming from market price fluctuations.

The prospective and retrospective effectiveness of the valuation units for the equity-based remunerations plans which will expire at the latest in 2015 is determined by means of the critical term match method.

At the balance sheet date, the underlying transactions, which consist of benefits to be provided at a future date, amounted to a total of € 17,109 thou. Valuation units are accounted for by means of the "freezing" method.

Nominal values and fair values of open derivatives positions

Share option trades

Class	Number	Fair value €	Valuation method	Significant assumptions	Reported in item	Book value €
Allianz Long Call	37,947	29,219	Binomial model	Discount rate 1.5 %	Assets D.II.	29,219
€ 92.87				Volatility 37.8 %	Miscellaneous	
May 2012				Dividend yield 5.8 %	Assets	
(Hedge-Sar 2005)				Share price € 73.91		
				Cap € 232.18		
Allianz Long Call	25,030	7,509	Binomial model	Discount rate 1.4 %	Assets D.II.	7,509
€ 132.41				Volatility 30.5 %	Miscellaneous	
May 2013				Dividend yield 6.0 %	Assets	
(Hedge-Sar 2006)				Share price € 73.91		
				Cap € 331.03		
Allianz Long Call	51,243	4,099	Binomial model	Discount rate 1.3 %	Assets D.II.	4,099
€ 160.13				Volatility 25.8 %	Miscellaneous	
March 2014				Dividend yield 6.0 %	Assets	
(Hedge-Sar 2007)				Share price € 73.91		
				Cap € 400.33		
Allianz Long Call	76,897	133,032	Binomial model	Discount rate 1.4 %	Assets D.II.	133,032
€ 117.38				Volatility 27.4 %	Miscellaneous	
March 2015				Dividend yield 6.2 %	Assets	
(Hedge-Sar 2008)				Share price € 73.91		
				Cap € 293.45		
Allianz Long Call	104,993	2,305,646	Binomial model	Discount rate 1.6 %	Assets D.II.	2,157,128
€ 51.59				Volatility 31.4 %	Miscellaneous	
March 2016				Dividend yield 6.3 %	Assets	
(Hedge-Sar 2009)				Share price € 73.91		
				Cap € 128.88		
Allianz Long Call	126,029	633,926	Binomial model	Discount rate 1.8 %	Assets D.II.	633,926
€ 87,36				Volatility 24.6 %	Miscellaneous	
March 2017				Dividend yield 6.3 %	Assets	
(Hedge-Sar 2010)				Share price € 73.91		
				Cap € 218.40		

Shareholders' equity (Equity and Liabilities A.I.)

At December 31, 2011, the issued capital of € 36,740 thou is divided into 36,740,661 fully-paid in registered shares. These shares can be transferred only with the company's consent.

Allianz SE holds an 86 percent interest in Allianz Global Corporate & Specialty AG and Allianz IARD, S. A. a 14 percent interest.

Other accrued liabilities (Equity and Liabilities C.)

Pension reserves and similar commitments

Allianz Global Corporate & Specialty AG has made pension commitments for which pension reserves are constituted. A part of these pension reserves is secured by Contractual Trust Arrangements (Methusalem Trust e.V.), which are coordinated by Allianz SE. These trust assets constitute offsettable plan assets, with the asset value/market value being used as the fair value. The settlement amount is calculated on the basis of the projected unit credit method and/or stated as the present value of the entitlement acquired.

	12/31/2011 %	12/31/2010 %
Discount rate	5.13	5.16
Rate of assumed pension increase	1.90	1.90
Rate of assumed salary increase (incl. average career trend)	3.25	3.25

In derogation of the above, the contribution-based pension plan is calculated with the guaranteed interest rate of 2.75 percent p. a. and the guaranteed rate of pension increase of 1 percent p. a. of these pension promises.
The biometric base for calculations are the current RT2005G mortality tables of Dr. Klaus Heubeck, which have been adjusted with respect to mortality, disability and fluctuation to reflect company-specific circumstances. The retirement age applied is the contractual age or the legal age according to the RV-Altersgrenzenanpassungsgesetz 2007.

In fiscal 2011, reserves in the amount of € 511 (614) thou were constituted for pension reserves and similar commitments.

Other reserves

Jubilee and phased-in early retirement commitments and Allianz value accounts

Allianz Global Corporate & Specialty AG has obligations resulting from jubilee payments, a long-term credit account and phased-in early retirement, which are reported under other provisions. The assets held as a reserve to secure the phased-in early retirement and long-term credit account obligations at Methusalem Trust e.V. constitute offsettable plan assets, with the asset value/market value being used as the fair value. These obligations are essentially calculated in the same way as the pension obligations by using the same actuarial assumptions.

Plan assets

The historical cost of the offset assets amounts to € 40,338 (34,343) thou. The fair value of these assets is € 40,746 (34,714 thou), and the settlement amount of the offset liabilities is € 40,905 (34,924) thou.

Gross underwriting reserves according to insurance branch groups, insurance branches and types of insurance in € thou

	Total		Of which:			
			Gross reserves for unsettled claims		Equalization reserve and similar reserves	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Direct insurance business written						
Personal accident **	12,602	2,494	6,000	1,815	1,521	–
3rd party liability **	2,163,721	1,773,227	1,789,095	1,453,316	159,890	147,636
Fire and property	641,699	544,997	432,188	360,089	11,830	27,788
of which fire insurance	195,774	145,590	127,225	75,077	8,033	27,205
of which other property insurance	445,925	399,407	304,963	285,012	3,797	583
Transport and aviation insurance	362,169	328,960	316,334	280,194	51	35
Other insurance	125,534	132,305	86,598	91,956	12,208	16,626
Total *	**3,305,725**	**2,781,959**	**2,630,215**	**2,187,371**	**185,500**	**192,084**
Reinsurance business assumed						
Total	**3,561,320**	**3,446,869**	**2,540,227**	**2,569,972**	**669,289**	**588,197**
Insurance business total	**6,867,045**	**6,228,828**	**5,170,442**	**4,757,343**	**854,789**	**780,281**

* This amount cannot be derived from the insurance branches listed above because according to RechVersV, non-essential branch groups do not have to be listed.
** Since 01/01/2011 proband insurance has been transferred from 3rd party liability insurance to personal accident insurance.

Tax reserves

In the reporting year tax reserves were constituted for the following branch offices: Germany € 9,296 (4,795) thou, France € 1,290 (0) thou, Italy € 1,103 (2,355) thou, Spain € 846 (12,760) thou and the UK € 736 (0) thou.

Deferred income (Equity and Liabilities F.)

In 2010, this position included among others discounts on registered bonds, promissory notes and loans in the amount of € 2,644 thou, which, as a result of the conversion from face value accounting to amortized cost accounting in application of the effective interest method are no longer recognized in this manner in 2011. The resulting one-off effect is recognized under disposals for the investments in question.

Other reserves

Other reserves for fiscal 2011 include the following positions:

	2011 € thou	2010 € thou
Reserves for:		
1. Remunerations not yet definitely determined	28,192	24,341
2. Group Equity Incentives	14,234	11,199
3. Invoices not yet received	9,575	14,893
4. Restructuring	8,565	1,407
5. Holidays and flexible working hours	6,290	5,817
6. Employee jubilees	4,195	4,499
7. Long-term service awards	2,589	4,286
8. Phased-in retirement and value account model	1,387	1,742
9. Profit sharing	–	3,473
10. Other	1,862	1,273
Total other provisions	76,889	72,930

Supplementary information on insurance branch groups, insurance branches and types of insurance

	Gross premiums written		Gross earned premiums		Net earned premiums	
	2011 € thou	2010 € thou	2011 € thou	2010 € thou	2011 € thou	2010 € thou
Direct insurance business written						
Personal accident	11,167	3,668	9,629	3,975	7,981	3,891
3rd party liability	661,193	605,584	620,304	564,206	393,678	383,586
Automotive liability	–	–	–	–	–	–
Other automotive	–	–	–	–	–	–
Fire and property	452,415	399,584	413,929	388,674	232,738	228,879
of which fire insurance	190,480	146,747	174,670	135,243	78,976	42,125
of which other property insurance	261,935	252,836	239,259	253,431	153,762	186,753
Transport and aviation insurance	307,826	302,968	314,039	293,601	261,856	249,787
Other insurance	65,277	67,717	61,795	65,005	31,589	43,711
Total *	**1,497,879**	**1,379,520**	**1,419,697**	**1,315,488**	**927,843**	**909,868**
Reinsurance business assumed						
Total	1,227,564	1,029,094	1,172,703	1,077,503	716,797	748,285
Insurance business total	2,725,443	2,408,614	2,592,400	2,392,991	1,644,640	1,658,153

* This amount cannot be derived from the insurance branches listed above because according to RechVersV, non-essential branch groups do not have to be listed.

Gross premiums incurred for direct insurance business according to area of origin

	Germany		EU		Other countries	
	2011 € thou	2010 € thou	2011 € thou	2010 € thou	2011 € thou	2010 € thou
Personal accident	8,493	3,272	2,546	351	128	45
3rd party liability	349,464	315,170	288,270	262,631	23,459	27,782
Fire and property	210,914	212,461	205,358	140,071	36,143	47,052
of which fire insurance	78,204	76,645	85,820	40,473	26,456	29,630
of which other property insurance	132,710	135,816	119,538	99,598	9,687	17,421
Transport and aviation insurance	174,340	163,017	92,229	99,617	41,257	40,334
Other insurance	42,101	44,954	18,018	16,017	5,158	6,746
Total	**785,312**	**738,874**	**606,421**	**518,687**	**106,145**	**121,959**

Allocated interest return (Income Statement I.2.)

Allocated interest return is calculated and transferred from the non-underwriting section to the underwriting section in accordance with section 38 RechVersV.

Run-off

The run-off in direct insurance amounted to € 167,835 (113,258) thou net; in business assumed it was € 96,612 (89,794) thou.

Gross expenditure for insurance claims		Gross expenditure for insurance business		Reinsurance balance		Net underwriting result		Number of insurance contracts with at least a 1-year period	
2011 € thou	2010 € thou	2011 € thou	2010 € thou	2011 € thou	2010 € thou	2011 € thou	2010 € thou	2011	2010
2,308	1,626	1,804	679	– 1,458	65	3,900	1,738	6,809	2,345
468,833	274,833	113,750	108,254	– 16,562	– 122,108	7,755	22,099	18,190	11,242
–	325	–	1,363	–	–	–	– 1,688	–	–
–	650	–	2,724	–	–	–	– 3,374	–	–
273,844	214,506	103,105	92,942	– 109,565	– 73,965	– 61,218	– 22,447	18,021	7,182
136,234	42,574	41,258	26,742	– 34,355	– 52,397	– 20,221	– 15,766	4,907	2,165
137,610	171,933	61,847	66,200	– 75,210	– 21,568	– 40,997	– 6,681	13,114	5,017
247,605	216,840	81,773	85,197	– 18,477	– 21,515	– 33,383	– 27,924	11,223	9,623
59,444	61,139	11,864	10,381	6,165	– 9,343	293	– 29,506	3,881	982
1,052,033	**769,923**	**312,296**	**301,540**	**– 139,897**	**– 226,877**	**– 82,653**	**– 61,093**	**58,124**	**31,374**
697,207	692,272	240,532	196,310	– 133,426	– 43,747	18,745	180,183		
1,749,240	1,462,195	552,828	497,850	– 273,323	– 270,624	– 63,908	119,090		

Underwriting expenses (Income Statement I.6.)

	2011 € thou	2010 € thou
a) Gross expenditure for insurance business	552,828	497,850
b) Less: received provisions and profit sharing from reinsurance ceded	79,489	65,602
Total	473,339	432,248

Of the gross expenditures for insurance business, € 518,299 (456,587) thou are attributable to closing expenses and € 34,529 (41,263) thou to adminstrative expenses.

Commissions and other remuneration for insurance agents, payroll costs

	2011 € thou	2010 € thou
a) Commission of any kind for insurance agents wthin the meaning of clause 92 HGB for direct insurance business	139,401	135,750
b) Other remuneration of insurance agents within the meaning of section 92 HGB	– 232	23
c) Wages and salaries	119,241	108,916
d) Social security contributions and other social contributions	14,504	13,612
e) Pension costs	11,320	11,697
Total	284,234	269,998

Investment income (Income Statement II.1.)

	2011 € thou	2010 € thou
a) Income from investments		
ai) Income from participations		
including in affiliated enterprises: € thou 74,887 (58,104)	74,889	58,104
aii) Income from other investments	272,395	169,580
b) Income from write-ups	1,438	33,194
c) Gains from disposals	37,408	28,667
Total	**386,130**	**289,545**

Investment expenses (Income Statement II.2.)

	2011 € thou	2010 € thou
a) Investment management, interest, charges and other investment expenses	5,356	7,480
b) Depreciation and write-downs on investments	5,501	6,013
c) Losses from disposals	8,368	3,313
Total	**19,225**	**16,806**

Write-downs on intangible assets

The acquired insurance portfolios, which are recognized as intangible assets, were subject to scheduled write-downs in the reporting year, according to section 255 (4, 2) HGB, taking into accounts their respective useful lives. Scheduled write-downs were made for a total of € 14,513 (13,682) thou.

Depreciation and impairments of investments

Unscheduled write-downs in accordance with section 253 (3) HGB were made on bearer bonds in the amount of € 5,501 (6,013) thou.

Other income and other expenses

Other income / other expenses include:

Extraordinary result

As a result of the merger of Stanislas H. Haine N.V., Antwerp, with Allianz Global Corporate & Specialty AG a merger loss of € 9,288 thou was recognized. The proportionate allocation of pension commitments conversion expenses resulting from the initial application of the German Accounting Law Modernization Act (BilMoG) resulted in extraordinary expenses of € 833 (593) thou.

Income taxes (Income Statement II.11.)

At € 44,035 (97,962) thou, income taxes for Allianz Global Corporate & Specialty AG were lower than in the previous year, which is mainly attributable to lower taxable income in Germany.

	Pensions and similar obligations 2011 € thou	Other obligations 2011 € thou
Actual return from the fair value of the offset assets	– 1,448	7
Inputed interest cost for the settlement amount of the offset liabilities	1,509	193
Effect resulting form the change in the discount rate for the settlement amount	6	2
Net amount of the offset income and expenses	**67**	**202**

Other expenses include foreign exchange losses in the amount of € 34,855 thou.

Other information

Contingent liabilities from company pension commitments and similar commitments

Pension commitments

Guarantee obligations exist within the framework of pension plans. The basis for the pension plans of the employees of Allianz Group companies is generally the membership in the Allianz Versorgungskasse VVaG (AVK), which, as a legally independent pension fund, is subject to the supervision of the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). The benefits provided by AVK are financed according to the lump-sum contribution system under which the member companies make payments to the fund based on salary conversion. In addition to Allianz SE, the member companies include Allianz Deutschland AG, Allianz Versicherungs-AG, Allianz Lebensversicherungs-AG and, among others, Allianz Global Corporate & Specialty AG.

Allianz Global Corporate & Specialty AG has a legal obligation to make employer contributions and to cover the administrative costs of AVK on a pro-rated basis if required. Payments are made through Allianz SE. The member companies also make contributions to the Allianz Pensionsverein e.V. (APV), an insurance-backed Group support fund.

In addition, Allianz SE has assumed joint and several liability for a large part of the company's pension commitments. The company reimburses expenses while Allianz SE has assumed responsibility for settlement. For this reason, these pension commitments are recorded in the financial statements of Allianz SE. The company's joint and several liability from these pension commitments and the corresponding liability matched by rights of relief against Allianz SE amount to:

	12/31/2011 € thou	12/31/2010 € thou
Settlement amount of the offset liabilities	49,417	47,921
Provision amount that has not yet been recognized (article 67 (2) EGHGB)	8,365	9,211
Joint liability and/or rights of relief against Allianz SE	41,052	38,710

Changes in the financing of the Pensions-Sicherungs-Verein VVaG pension fund in 2006

As a result of changes in the financing of the Pensions-Sicherungs-Verein VVaG pension fund there is a liability of € 113,243 (122,834), which is not shown in the company's balance sheet because this liability is matched by rights of relief for the same amount against Allianz SE.

Contributions to the Pensions-Sicherungs-Verein VVaG pension fund stemming from 2009 and payable in the years 2012 to 2013

The same applies to the contributions to the Pensions-Sicherungs-Verein VVaG pension fund for fiscal 2009, which are payable in the years 2012 to 2013. These also result in a joint and several liability in the amount of € 240,566 (360,849), which is not recognized in the balance sheet of Allianz Global Corporate & Specialty AG because it is matched by rights of relief for the same amount against Allianz SE.

Other financial commitments

At the balance sheet date (31/12/2011) liens in the amount of € 493,009 (499,031) thou were granted in connection with group-internal cessions. Of these, liens in the amount of € 477,214 (483,750) thou were granted to affiliated enterprises and € 261,834 (211,252) thou were deposited in trust accounts, including € 256,325 (205,875) thou in favor of affiliated enterprises. These contingent liabilities will only be claimed if AGCS is unable to fulfill its obligations from the reinsurance business. In view of the solid capitalization and the adequate reserves of AGCS AG the risk of such a claim is considered to be very low.

Remuneration of the Board of Management and the Supervisory Board

The total remuneration of the Board of Management amounted to € 8,449 thou in the reporting year.

Pension reserves for former members of the Board of Management and their surviving dependents were as follows:

	12/31/2011 € thou	12/31/2010 € thou
Historical costs of the offset assets	2,164	2,029
Fair value of the offset assets	2,164	2,029
Settlement amount of the offset liabilities	3,241	3,062
Provision amount that has not yet been recognized (Article 67 (2) EGHGB)	288	310
Excess of plan assets over pension liability/Pension provisions	789	712

The cash surrender value of the reinsurance policies is taken as a basis for the fair value of the offset assets.

A total of 34,650 restricted stock units were issued to the members of the Board of Management.
The fair value of these instruments at the date of grant amounts to € 2,860 thou.

The total remuneration of the Supervisory Board of Allianz Global Corporate & Specialty AG amounted to € 30 thou.

The members of the Supervisory Board and the Board of Management are listed on page 6.

Number of employees (annual average)

The average number of employees of Allianz Global Corporate & Specialty AG for the reporting year was 1,345 (1,249) (not including members of the Board of Management, trainees, interns and employees on parental leave or on basic military/civil service).

	2011 Number	2010 Number
Full-time employees	1,113	1,099
Part-time employees	232	150
Total	1,345	1,249

Total remuneration of the auditor according to section 285 (17) HGB

The total remuneration of the auditor is reported in the corporate financial statements.

Group affiliation

Global Corporate & Specialty AG is a member of the Allianz Group headed by Allianz SE, Munich. The Allianz SE Consolidated Financial Statements and the Management Report are published in that company's Annual Report in March and published in the German Electronic Federal Gazette subsequent to the Allianz Annual General Meeting in May. They can be consulted there or are available upon request from our company.
The Annual Report is also available on the website of Allianz SE.

Allianz Global Corporate & Specialty AG is incorporated into Allianz SE's Consolidated Financial Statements and Management Report. The Consolidated Financial Statements and the Management Report legally dispense our company from any other reporting obligations so that Allianz Global Corporate & Specialty AG does not establish Consolidated Financial Statements and a Management Report of its own.

Munich, January 31, 2012
Allianz Global Corporate & Specialty AG

The Board of Management

Dr. Theis	Berger	Browne	Fischer Hirs
Dr. Jörissen	Mai	Moossmann	Scaldaferri
Tartaglia			

Auditor’s Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Allianz Global Corporate & Specialty AG, Munich, for the business year from January 1st to December 31st, 2011.
The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [„Handelsgesetzbuch“: „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report.
We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Munich

March 22nd, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dirk Hildebrand	Matthias Zeitler
Wirtschaftsprüfer	Wirtschaftsprüfer
(Independent Auditor)	(Independent Auditor)

Insurance lines covered

Direct insurance business written:

General personal accident insurance
Test persons, aviation personal accident

Liability insurance
Private liability, public and professional liability, environmental liability, financial loss liability, radiation and nuclear liability, neighbor's liability fire, liability for terrestrial vehicles without mandatory coverage, other liability insurance

Aviation insurance
Comprehensive aircraft insurance, comprehensive spacecraft insurance

Fire insurance
Industrial fire, other fire

Burglary, theft and robbery insurance

Water damage insurance

Glass insurance

Storm insurance

Homeowners insurance

Engineering insurance
Plant and equipment, electronic equipment, erection all risks, contractor's all risks, other engineering insurance

Marine insurance
Hull (including hulls of sea-going, inland waterway and river-going vessels, building risk), goods in transit, valuables (commercial), film property, liability in traffic cases, risk of war, other transport

Extended-Coverage (EC) insurance, insurance of additional risks in conjunction with fire or fire business interruption insurance

Business interruption insurance
Fire business interruption, technical business interruption, other business interruption

Aviation and aerospace liability insurance
Aviation liability, aerospace liability

Other property and casualty insurance
Other property damage (including nuclear plant property), other economic loss (including machine guarantee, loss of license, check cards), as well as other combined insurance (including dynamic property insurance), other types of other property and casualty insurance

Reinsurance business accepted:

Liability insurance

Automobile insurance

Aviation insurance

Fire and property insurance

Burglary, theft and robbery insurance

Water damage insurance

Glass insurance

Storm insurance

Homeowners insurance

Engineering insurance

Marine insurance

Extended Coverage insurance for fire and interruption to business

Business interruption insurance

Aviation and aerospace liability insurance

Other property and casualty insurance

Advisory Council

Dr.-Ing. e. h. Heinrich Weiss
(Chairman)
Chairman of the Board of Management
SMS GmbH

Georg Bauer
CEO
BMW Financial Services

Werner Baumann
Member of the Board of Management
Bayer AG

Dr. Rudolf Colm
Member of the Board of Management
Robert Bosch GmbH

Georg Denoke
Member of the Board of Management
Linde AG

Klaus Eberhardt
Chairman of the Board of Management
Rheinmetall AG

Klaus Entenmann
Chairman of the Board of Management
Daimler Financial Services AG

Hans-Georg Härter
Chairman of the Board of Management
ZF Friedrichshafen AG

Dr. Michael Kerkloh
Chairman of the Board of Management
Flughafen München GmbH

Baldwin Knauf
Managing Partner
Knauf Gips KG

Dipl.-Kfm. Thomas Kölbl
Chief Financial Officer
Südzucker AG
Mannheim/Ochsenfurt

Harald Kroener
Chairman of the Board of Management
Wieland-Werke AG

Robert Lorenz-Meyer
Managing Partner
Ernst Russ GmbH & Co.

Wolfgang Mayrhuber
Chairman of the Board of Management (retired)
Deutsche Lufthansa AG

Joachim Müller
CFO
Bilfinger Berger SE

Jürg Oleas
Member of the Board of Management
GEA Group AG

Dr. Eberhart von Rantzau
Managing Partner
Deutsche Afrika-Linien GmbH & Co. KG

Andreas Schmid
Chairman of the Board of Adminstration
Oettinger Davidoff Group

Dr. Wolfgang Schmitt
Chairman of the Board of Management
KSB Aktiengesellschaft

Dr. Lothar Steinebach
Executive Vice President/CFO
Henkel AG & Co. KGaA

Prof. Dr.-Ing. Udo Ungeheuer
Chairman of the Board of Management
Schott AG

Thomas Unger
Deputy Chairman of the Board of Management
Metro AG

Ulrich Weber
Member of the Board of Management, Personnel
Deutsche Bahn AG

Frank Witter
Chairman of the Board of Management
Volkswagen Financial Services AG

Michel Wurth
Member of the Group Management Board
ArcelorMittal SA

Dr. Matthias Zieschang
Member of the Board of Management, Controlling and Finance
Fraport AG

Dr. Reinhard Zinkann
Managing Partner
Miele & Cie. KG

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