

Allianz Risk Transfer AG

Solvency and Financial Condition Report 2016

Basis of Report

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A.2 Underwriting Performance

Underwriting Performance according to Key Performance Indicators

	2016	2015	% 2016	% 2015
Gross premiums written	1,090,000	1,000,000	109%	100%
Net premiums earned	311,009	311,009	100%	100%
Total net operating expenses	-62,368	-62,368	100%	100%
Net underwriting result	65,956	65,956	100%	100%

Underwriting Result

€ thousand	2016
Gross premiums written	1,090,285
Net premiums earned	311,009
Total net operating expenses	-62,368
Net underwriting result	65,956
	0.1%
	15.0%
	0.0%

Direct Insurance and Reinsurance

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A.4 Performance in Other Activities

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A.5 Other Disclosures

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B Governance System

B.1 General Information about the Governance System

B.1.1 Board of Directors and Executive Board

B.1.1.1 Board of Directors – Principle and Function

The Board of Directors is the highest decision-making body of the company. It is responsible for the overall management and supervision of the company. The Board consists of members who are elected by the shareholders. The Board's primary function is to ensure the company's long-term success and to protect the interests of the shareholders. It oversees the management and reports to the shareholders on the company's performance. The Board also approves the company's financial statements and the annual budget. The Board members are elected for a fixed term and can be re-elected. The Board's decisions are binding on the company's management.

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B.1.1.2 Executive Board – Principle and Function

The Executive Board is responsible for the day-to-day management of the company. It is composed of members who are appointed by the Board of Directors. The Executive Board's primary function is to implement the company's strategy and to manage the company's operations. The Executive Board reports to the Board of Directors on the company's performance. The Executive Board also approves the company's financial statements and the annual budget. The Executive Board members are appointed for a fixed term and can be re-appointed. The Executive Board's decisions are binding on the company's management.

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B.1.1.3 Committees of the Board of Directors

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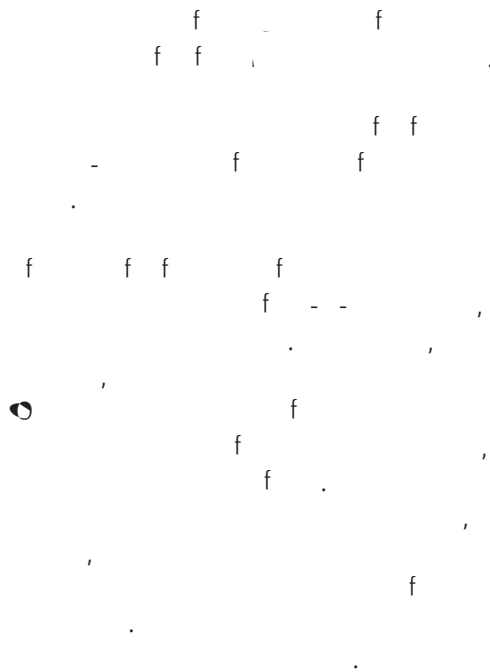
B.1.2 Set of Rules

B.1.2.1 Company Rules

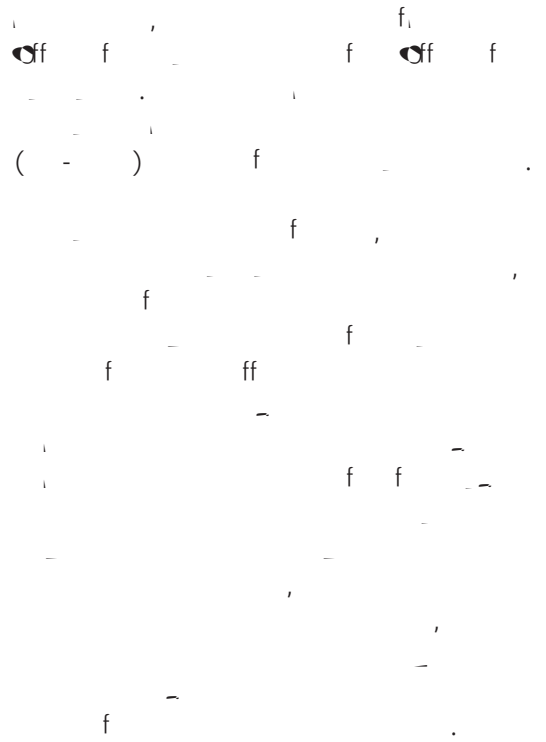
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B.1.2.2 Three Lines of Defense Modell

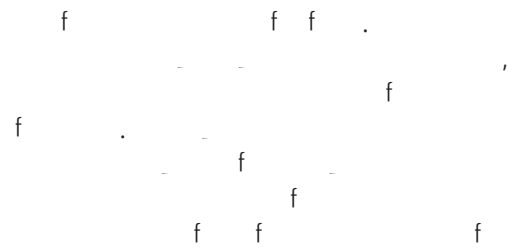
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B.1.3.3 Risk Management Function



B.1.3.4 Internal Audit



B.1.5 Information on Material Transactions

	2017	2016
Revenue	1,234,567	1,123,456
Cost of sales	(789,012)	(876,543)
Operating profit	445,555	246,913
Other income	123,456	98,765
Other expenses	(56,789)	(34,567)
Profit before tax	512,222	311,111
Tax expense	(123,456)	(98,765)
Profit after tax	388,766	212,346
Dividends paid	(100,000)	(80,000)
Retained profit	288,766	132,346

2017: Revenue 1,234,567, Cost of sales 789,012, Operating profit 445,555, Other income 123,456, Other expenses (56,789), Profit before tax 512,222, Tax expense (123,456), Profit after tax 388,766, Dividends paid (100,000), Retained profit 288,766.

2016: Revenue 1,123,456, Cost of sales 876,543, Operating profit 246,913, Other income 98,765, Other expenses (34,567), Profit before tax 311,111, Tax expense (98,765), Profit after tax 212,346, Dividends paid (80,000), Retained profit 132,346.

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B.3.1 Risk Management System

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**Basic Principle 6: (Further) Development
and Integration of the Limit System**

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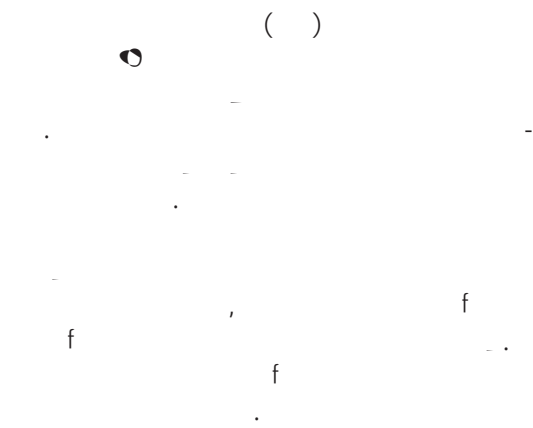
B.3.1.2 Risk Strategy

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B.3.1.4 Set of Rules Governing the Organization and Workflow of Risk Management



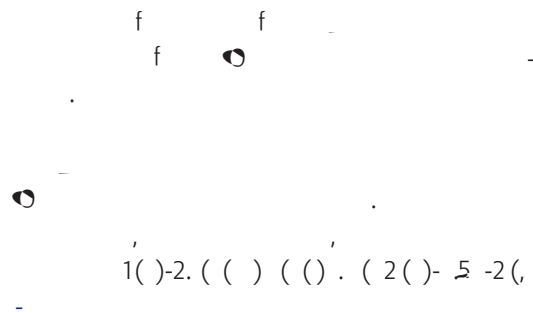
B.3.1.5 Framework for the Top Risk Assessment



B.3.2.1 ORSA Standard



B.3.2.2 Responsibilities



B.3.2.4 ORSA Report

The ORSA report is a key document in the risk management process, providing a comprehensive overview of the organization's risk profile. It details the identification, assessment, and mitigation of risks across all business units and functions. The report is structured to provide clear insights into the organization's overall risk exposure and the effectiveness of its risk management framework.

The ORSA report typically includes the following sections:

- Executive Summary:** A high-level overview of the organization's risk profile, highlighting key findings and recommendations.
- Risk Identification:** A detailed list of risks identified across the organization, categorized by business unit and function.
- Risk Assessment:** An evaluation of the identified risks, assessing their potential impact and likelihood of occurrence.
- Risk Mitigation:** A description of the measures in place to mitigate the identified risks, including the roles and responsibilities of various stakeholders.
- Conclusion:** A summary of the organization's overall risk profile and the effectiveness of its risk management framework.

The ORSA report is a dynamic document that is updated regularly to reflect changes in the organization's risk profile. It is a key tool for senior management to understand and manage the organization's risk exposure.

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The ORSA report is a dynamic document that is updated regularly to reflect changes in the organization's risk profile. It is a key tool for senior management to understand and manage the organization's risk exposure.

B.4.2

B.4.4.3 Resolving Compliance Incidents

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Critical and Important Outsourcing Agreements of ART AG

B.8 Other Disclosures

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Market Risk Concentrations

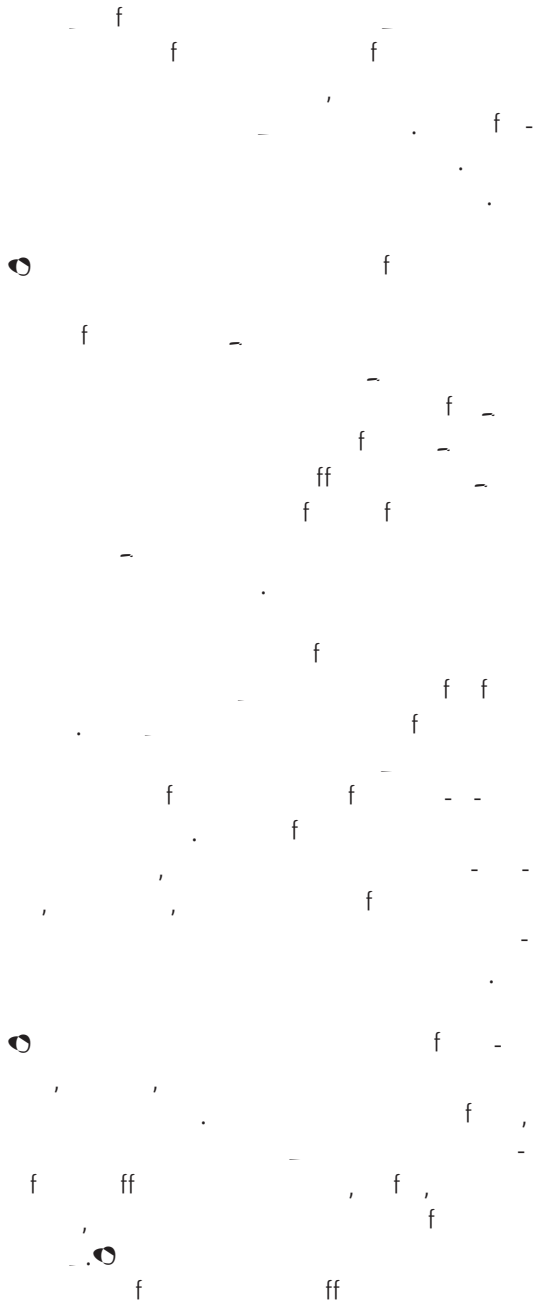
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C.5 Operational Risk



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Claim Provisions



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**Internal Group Reinsurance and ART
 LoB Business:**

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Discounting

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€ thousand	Premium Provisions			Claim Provisions			Total Gross	Total Net	Risk Margin	Technical Provisions
	Gross	Amounts Recoverable from Reinsurance Contracts	Net	Gross	Amounts Recoverable from Reinsurance Contracts	Net				
-	5,0	0	5,0	5	0	5	,5	,5	1,0	,0
-	5,0	2,20	2,	1,202	2,0	10,2	1,2,5	1,	22,11	15,1
-	,0	2	2,0	12,51	1	12,50	15,	15,51	2,055	1,55
-	5,5	5,	-1,	1,105	,	,1	22,50	5,5	10,1	,1
Subtotal	125,153	104,603	20,549	320,554	120,239	200,315	445,707	220,864	35,433	256,297
Total non-life insurance obligations	171,520	112,204	59,315	764,000	344,798	419,202	935,520	478,517	63,641	542,158

Risk of Change in Technical Provisions

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AGCS Switzerland and Dubai Division

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Internal Group Reinsurance and ART LoB Business

Claim Provisions (undiscounted)

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Targets, Guidelines and Processes

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Eligible Own Funds

	2015/16	2014/15
Eligible Own Funds	1,201,200	1,201,200
Less: ()	()	()
Total	1,201,200	1,201,200

Composition of Eligible Own Funds

	2015/16	2014/15
Category 1	1,201,200	1,201,200
Category 2	()	()
Category 3	()	()
Category 4	()	()
Category 5	()	()
Category 6	()	()
Category 7	()	()
Category 8	()	()
Category 9	()	()
Category 10	()	()
Category 11	()	()
Category 12	()	()
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Category 100	()	()

Changes in Own Funds

	2015/16	2014/15
Opening Balance	1,201,200	1,201,200
Less: ()	()	()
Total	1,201,200	1,201,200

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E.3 Use of the Duration-Based Equity Risk Submodule to Calculate the Solvency Capital Requirement

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E.4 Difference between the Standard Formula and any Internal Models Used

E.5 Noncompliance with the Minimum Capital Requirement and Noncompliance with the Solvency Capital Requirement

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E.6 Other Disclosures

