

085449 - Allianz SE

Report Revision Date: 10/09/2017

Rating and Commentary ¹	Financial ²	General Information ³
Best's Credit Rating: 08/03/2017 Rating Rationale: 08/03/2017 Report Commentary: 10/09/2017	Time Period: Annual - 2016 Last Updated: 04/03/2017 Status: Quality Cross Checked	Corporate Structure: 08/24/2017 States Licensed: N/A Officers and Directors: N/A
 Best's Credit Rating Methodology	Disclaimer	 Best's Rating Guide

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¹ The **Rating and Commentary** dates outline the most recent updates to the company's Best's Credit Rating, Rating Rationale, and Report Commentary for key rating and business changes. Report Commentary may include significant changes to the Business Profile, Risk Management, Operating Performance, Balance Sheet Strength, or Reinsurance sections of the report.

² The **Financial** dates reflect the current status of the financial tables and charts found within the AMB Credit Report, including whether the data was loaded "As Received" or had been run through A.M. Best "Quality Cross Checks".

³ The **General Information** dates cover key changes made to Corporate Structure, States Licensed, or Officers and Directors.

Operating Company Non-Life

Ultimate Parent: [Allianz SE](#)

Allianz SE

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AMB #: 085449

Ultimate Parent #: [085449](#)

NAIC #: N/A

AIIN#: AA-1340026

Publicly Traded Corporation: Allianz Societas Europaea

FWB: ALV Pink Sheets: AZSEY

Best's Credit Ratings

Best's Financial Strength Rating: A+

Outlook: Stable

Best's Issuer Credit Rating: aa

Outlook: Stable

Rating Effective Date: 08/03/2017

Financial Size Category: XV

Report Revision Date: 10/09/2017

Rating Rationale

The following text is derived from A.M. Best's consolidated Credit Report on Allianz SE (AMB# 085014).

Rating Rationale: The ratings of Allianz SE (Allianz) reflect its excellent risk-adjusted capitalisation, strong financial performance, diversified business profile and sound risk management framework.

Allianz's risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio (BCAR), is excellent and is expected to remain at a similar level over the coming years, with strong earnings retention likely to offset the additional capital requirements of business growth. As a result of Allianz's considerable life operations in Europe and the United States, it manages a large balance sheet and is exposed to considerable market risk. Despite an increasing exposure to alternative assets, market risk continues to be managed with relative conservatism and considerable expertise. Over the past five years, between December 2011 and December 2016, Allianz has demonstrated its ability to generate capital, with the group's reported surplus increasing by approximately 50% to EUR 67.3 billion. Over the same period, the group generated accumulated profit after tax of EUR 32.7 billion. Furthermore, Allianz has good financial flexibility, strong liquidity management and purchases reinsurance to protect itself from natural perils and peak risks. Although exposure to market risk subjects the group's risk-adjusted capitalisation to potential volatility, significant capital buffers are in place to absorb market movements.

Allianz has a long track record of strong and stable operating performance. In 2016, the group produced a return on equity (including minority interests) of 10.6%, which was ahead of its ten-year average return on equity of 9.8% (as calculated by A.M.Best). Diversified insurance operations support earnings stability and have generated an underwriting profit in each of the past ten years. The group's underwriting performance in 2016 was broadly in line with its longer-term results, with a combined ratio for property and casualty (P/C) business of approximately 95% and a return on gross reserves and a new business margin in health (L/H) business of 0.7% and 13%, respectively. Allianz's diversified revenue stream has enabled it to withstand challenges as they have occurred and prospectively is expected to support solid earnings. In addition to its insurance business, Allianz's asset management operations contribute approximately one-fifth of the group's operating profit.

The prolonged low interest rate environment has had a negative impact on Allianz's investment yield, which continues to deteriorate. However, the group's strong underwriting performance and asset management profit stream means that it has a low reliance on investment earnings for overall profitability. Long-term low interest rates have had a meaningful impact on

Rating Rationale (Continued...)

Allianz's life business, particularly in Germany, where guarantees have historically been embedded within saving products. While the continuation of low interest rates over the long term is likely to add further negative pressure to profitability of Allianz's German life operations, the impact is expected to be manageable within the context of the wider group. The net income of Allianz's asset management operations was negatively affected by the difficulties encountered by PIMCO in the United States during 2014 and 2015, when significant fund outflows negatively impacted overall results. Despite recent challenges, Allianz's asset management operations have provided a good source of earnings and cash flow, and recently have shown signs of improvement, with positive fund in-flows during the second half of 2016 and first half of 2017.

Superior diversification, both geographically, by insurance product and from its asset management operations supports Allianz's excellent business profile. The group maintains a leading competitive position in numerous developed and emerging insurance markets and offers a complete range of life and non-life insurance products. While retail business in major European economies accounts for a large proportion of the group's gross written premiums, no one market dominates the group's revenue or earnings composition. Towards the end of 2015, Allianz announced a new strategic plan, its "Renewals Agenda". This places an emphasis on profitable growth, while improving the client offering and developing the group to keep pace with an increasingly digital world. A.M. Best considers that the successful implementation of Allianz's business plans could enhance the group's competitive position over the long term.

There will be positive pressure on Allianz's ratings if it is able to materially improve either its risk-adjusted capitalisation or operating performance, while maintaining all other rating drivers at their currently excellent level. Conversely, its ratings will experience negative pressure if risk-adjusted capitalisation weakens materially or if operating performance deteriorates over an extended period of time.

Five Year Rating History

Date	BEST'S	
	FSR	ICR
08/03/2017	A+	aa
08/11/2016	A+	aa-
08/06/2015	A+	aa-
07/18/2014	A+	aa-
07/10/2013	A+	aa-

Corporate Overview

Headquartered in Munich, Allianz is a leading global financial services provider, offering life and non-life insurance products as well as asset management and banking services. Allianz's shares are traded on all German stock exchanges and its American Depositary Receipts are traded over the counter in the United States (US). Following its decision to concentrate on the most liquid markets, the company decided to de-list from the European, Swiss and New York Stock Exchange in 2009 and 2010.

Allianz is one of the leading insurance groups in the world and ranks number one in the German property-casualty and life insurance markets based on premium income. It is also among the largest insurance companies in a number of other countries in which it operates. The company's product portfolio includes a wide array of property/casualty (P/C) and life/health (L/H) insurance products for both private and corporate customers. Allianz is one of the five largest asset managers in the world. The business activities in this segment consist of asset management products and services both for third-party investors (both retail and institutional asset management clients) and for the Allianz's insurance operations. In the banking business, Allianz focuses on its domestic market, Germany, under the brand name Allianz Bank. In collaboration with Oldenburgische Landesbank the main thrust of the activities lies in addressing the financial needs of agencies' customers.

Allianz conducts business in almost every European country, with Germany, Italy and France being its most important markets. Additionally, the group has substantial operations in the US, Central and Eastern Europe and the Asia-Pacific region. Although the majority of services provided by Allianz fall under its own brand, the group has a small number of other brands that maintain strong positions in their respective markets. These include Euler Hermes (credit insurance) and PIMCO (asset management). In the US, Allianz has a growing position in the life insurance market and an established position as an asset manager (via PIMCO). Its US non-life operations are witnessing a period of transition with the group's Fireman's Fund

Corporate Overview (Continued...)

subsidiaries disposing of its personal lines business and merging its corporate business into the Allianz Global Corporate and Specialty North America Group.

Corporate Structure

AMB#	Company Name	Domicile	% Own
085449	Allianz SE	Germany	
092303	Allianz AG Reinsurance	Germany	100
091575	Allianz China Gen Ins Co Ltd	China	100
055301	Allianz of Asia-Pacific	Germany	100
089588	PT Asuransi Allianz Life ID	Indonesia	99.8
086726	PT Asuransi Allianz Utama ID	Indonesia	97.8
078814	Allianz China Life Ins Co Ltd	China	100
055288	Allianz Deutschland AG	Germany	100
085015	Allianz Lebensversicherungs-AG	Germany	94.9
089636	Allianz Pensionsfonds AG	Germany	100
089079	Allianz Pensionskasse AG	Germany	100
084488	Deutsche Lebensversicherungs	Germany	100
085942	Allianz Private Krankenvers-AG	Germany	100
085473	Allianz Versicherungs-AG	Germany	100
084038	Münchener und Magdeburger	Germany	100
084668	AllSecur Deutschland AG	Germany	100
092677	Allianz EFU Health Ins Ltd	Pakistan	49
058696	Allianz Europe B.V.	Netherlands	100
085309	Allianz S.p.A.	Italy	100
086031	CreditRas Assicurazioni S.p.A.	Italy	50
086625	CreditRas Vita S.p.A.	Italy	50
078823	Darta Saving Life Assur DAC	Ireland	100
085929	Genialloyd S.p.A.	Italy	100
077687	Allianz Ayudhya Asr Pub Co Ltd	Thailand	37.7
093438	Allianz C.P. General Ins plc	Thailand	75
086303	AGF Holdings (UK) Limited	United Kingdom	100
050631	Allianz of America Inc	DE	100
006830	Allianz Life Ins Co N America	MN	100
060734	Allianz Annuity Company of MO	MO	100
060732	Allianz Life Insurance Co MO	MO	100
009417	Allianz Life Ins Co of NY	NY	100
086517	Allianz México SA Cia de Seg	Mexico	99.9
002181	San Francisco Reinsurance Co	CA	100
078523	Allianz Australia Limited	Australia	100

Corporate Structure (Continued...)

AMB#	Company Name	Domicile	% Own
077889	Allianz Australia Ins Ltd	Australia	100
078808	Allianz Australia Advantage	Australia	100
077902	CIC Allianz Insurance Limited	Australia	100
078813	FAI Allianz Limited	Australia	100
092315	Allianz Australia Life Ins Ltd	Australia	100
077161	Allianz New Zealand Limited	New Zealand	100
083208	Allianz Benelux	Belgium	100
084145	Allianz Cia Seg Reaseguos	Spain	99.9
083438	Fenix Directo Cia de Seg Reas	Spain	99.3
058726	Allianz Europe Limited	Netherlands	100
085968	Allianz Egypt Insurance Co SAE	Egypt	89
078815	Allianz Egypt Life Co SAE	Egypt	87.8
073712	Allianz Re Dublin DAC	Ireland	100
058731	Allianz (UK) Limited	United Kingdom	66.7
090660	Allianz Hayat ve Emeklilik	Turkey	86
058735	Allianz Holding France SAS	France	100
051226	Allianz France S.A.	France	100
058730	Allianz Africa S.A.	France	100
093533	Allianz Bénin Assurances	Benin	83.5
092673	Allianz Burkina Assurances SA	Burkina Faso	60.3
092316	Allianz Burkina Assurances Vie	Burkina Faso	71.8
092317	Allianz Cameroun Assur Vie	Cameroon	75.8
092674	Allianz Cameroun Assurances SA	Cameroon	70.8
092318	Allianz Congo Assurances SA	Congo	80
092676	Allianz Côte d'Ivoire Assur SA	Côte D'Ivoire	73.2
092688	SIFCOM Assurances	Côte D'Ivoire	60
092319	Allianz Côte d'Ivoire Asr Vie	Côte D'Ivoire	70
092321	Allianz Ins Co of Ghana Ltd	Ghana	100
094038	Allianz Madagascar Assur SA	Madagascar	100
092678	Allianz Mali Assurances SA	Mali	77
093534	Allianz Sénégal Assurances SA	Senegal	83.2
092327	Allianz Sénégal Assurances Vie	Senegal	96.8
092679	Allianz Togo Assurances SA	Togo	97.9
095155	Allianz Ins Co of Kenya Ltd	Kenya	100
095156	Allianz Life Ins Co of Ghana	Ghana	100
092675	Allianz Centrafrique Assurance	Central African Republic	87.8
092353	Allianz General Laos	Laos	51
085174	Allianz IARD	France	100

Corporate Structure (Continued...)

AMB#	Company Name	Domicile	% Own
059480	Assistance Courtage dAssurance	France	100
078811	Calypso	France	100
090934	Generation Vie	France	28.6
057509	Hauteville Insurance Co Ltd	Guernsey	100
090949	Protexia France	France	100
086024	Rurale	France	99.9
086383	Allianz Seguros S.A.	Colombia	95
086384	Allianz Seguros de Vida S.A.	Colombia	95
085109	Allianz Vie	France	98.3
055143	Euler Hermes Group S.A.	France	59.2
077181	Euler Hermes SA (NV)	Belgium	100
087852	Cosec Companhia Seg Creditos	Portugal	50
093530	Euler Hermes Hellas	Greece	100
033638	Euler Hermes LU Hldg Sàrl	Luxembourg	55.2
058723	Euler Hermes Serviços Gestão	Brazil	100
077878	Euler Hermes Seguros Credito	Brazil	100
086153	Solunion Seguros de Crédito	Spain	50
055187	Mapfre América Caución	Spain	81.3
092300	Solunion Chile Seg de Crédito	Chile	51.8
078688	Solunion Colombia Seg de Cré	Colombia	94.9
078009	Solunion México Seguros Crédito	Mexico	100
092684	Euler Hermes Sigorta A.S.	Turkey	100
091951	T U Euler Hermes	Poland	100
033637	Euler Hermes N America Hldg	DE	100
002097	Euler Hermes NA Insurance Co.	MD	100
090726	Euler Hermes Reinsurance AG	Switzerland	100
057467	Euler Hermes Re	Luxembourg	100
091289	Allianz Saudi Fransi Coop Ins	Saudi Arabia	16.3
046217	Allianz Irish Life Hldgs plc ¹	Ireland	66.5
085683	Allianz Public Limited Co	Ireland	100
077278	Allianz Nederland Groep N.V.	Netherlands	100
078807	Allianz Life Luxembourg S.A.	Luxembourg	100
078481	Allianz Nederland Levensverz	Netherlands	100
058737	Allianz Popular, S.L.	Spain	60
083388	Allianz Popular Vida, S.A.U.	Spain	100
058727	Allianz South America Hldg BV	Netherlands	100
077346	Allianz Argentina Cia de Seg	Argentina	93.7
058734	Allianz do Brasil Participaçõe	Brazil	100

Corporate Structure (Continued...)

AMB#	Company Name	Domicile	% Own
086213	Allianz Seguros S.A.	Brazil	100
046119	Brasil de Imóveis e Participaç	Brazil	100
093356	Allianz Saude S.A.	Brazil	100
033640	Allianz Colombia S.A.	Colombia	94.1
086382	Compania Colombiana de Inv	Colombia	94.1
092308	Colseguros SA Cia CO de Seg	Colombia	100
086462	Allianz Suisse Versicherungs	Switzerland	100
086461	Allianz Suisse Lebensversich	Switzerland	100
083972	CAP Rechtsschutz-Versicherungs	Switzerland	100
089082	Cia Seg Allianz Portugal	Portugal	64.8
094916	Allianz Re Argentina S.A.	Argentina	95
087997	Allianz Global Corp & Spec SE	Germany	100
059473	Allianz Risk Transfer Inc.	NY	100
073713	Allianz Risk Transfer (BM) Ltd	Bermuda	100
033639	Allianz Global Corp & Spec BR	Brazil	100
093335	Allianz Global Corp & Special	Brazil	100
086744	Allianz Fire Marine Ins Japan	Japan	100
058565	Allianz Global Corp & Spec	South Africa	100
086786	Allianz Global Corp & Spec ZA	South Africa	100
046508	AGCS International Holding BV	Netherlands	100
000407	Allianz Global Risks US Ins Co	IL	92
002268	AGCS Marine Insurance Company	IL	100
059478	Wm H. McGee & Co. Inc.	NY	100
032295	Wm H McGee & Co (Bermuda) Ltd	Bermuda	100
092689	Allianz Global Corp & Special	Bermuda	100
002618	Allianz Underwriters Ins Co	IL	100
002179	Fireman's Fund Insurance Co	CA	100
002176	American Automobile Ins Co	MO	100
002177	American Insurance Company	OH	100
002178	Associated Indemnity Corp	CA	100
002266	Chicago Insurance Company	IL	100
001892	Fireman's Fund Indemnity Corp	NJ	100
002717	Fireman's Fund Ins Co of HI	HI	100
002267	Interstate Fire & Casualty Co	IL	100
002182	National Surety Corporation	IL	100
077703	Allianz Risk Transfer AG	Liechtenstein	60
091333	Allianz Global Life DAC	Ireland	100
078816	Allianz Hellas Ins Co Ltd	Greece	100

Corporate Structure (Continued...)

AMB#	Company Name	Domicile	% Own
058724	Allianz Holding eins GmbH	Austria	100
086994	Allianz-Elementar Versicherung	Austria	100
086995	Allianz-Elementar Lebensvers	Austria	100
092325	Allianz Pensionskasse AG	Austria	100
058725	Allianz New Europe Hldg GmbH	Austria	100
089147	Allianz Bulgaria Holding AD	Bulgaria	66.2
078809	Allianz Bulgaria Ins & Reins	Bulgaria	87.4
078810	Allianz Bulgaria Life Ins Co	Bulgaria	99
083918	Allianz Hungária Zrt	Hungary	100
078907	Allianz Insurance Company OJS	Russia	100
094406	Insurance CJSC 'Medexpress'	Russia	100
093532	SLC Allianz Life Ukraine	Ukraine	95.7
090838	Allianz Life, Insurance Co Ltd	Russia	99.9
083776	Allianz pojist'ovna, a.s.	Czech Republic	100
083849	Allianz-Slovenska poist'ovna	Slovakia	99.6
089405	Allianz Zagreb d.d.	Croatia	83.2
083848	SC Allianz Tiriac Asigurari SA	Romania	52.2
077308	T.U. Allianz Zycie Polska S.A.	Poland	80.3
093409	Allianz Ukraine, LTD	Ukraine	100
055291	Allianz Holdings plc	United Kingdom	100
086373	Allianz Insurance plc	United Kingdom	100
087260	British Reserve Ins Co Ltd	United Kingdom	100
087635	Trafalgar Insurance Pub Ltd Co	United Kingdom	100
090593	Allianz Insurance Lanka Ltd	Sri Lanka	100
091241	Allianz Life Ins Japan Ltd	Japan	100
090594	Allianz Life Ins Lanka Ltd	Sri Lanka	100
089123	Allianz Malaysia Berhad	Malaysia	75
090299	Allianz General Ins Co MY Bhd	Malaysia	100
089124	Allianz Life Ins Malaysia Bhd	Malaysia	100
089127	Bright Mission Berhad	Malaysia	100
058733	Allianz Mena Holding BM Ltd	Lebanon	99.9
092323	Allianz Life Bermuda Limited	Bermuda	100
091289	Allianz Saudi Fransi Coop Ins	Saudi Arabia	16.3
084964	Allianz Sigorta A.S.	Turkey	64.4
084972	Allianz Yasam Emeklilik	Turkey	80
092051	Magdeburger Sigorta AS	Turkey	80
078819	Allianz Taiwan Life Ins Co Ltd	Taiwan	99.7
089423	Allianz Worldwide Partners SAS	France	100

Corporate Structure (Continued...)

AMB#	Company Name	Domicile	% Own
033940	AGA Assistance Japan Co. Ltd.	Japan	80.1
092383	Ticket Guard SAST Ins Co Ltd	Japan	100
078025	AWP P&C S.A.	France	100
058714	AWP USA Inc.	DC	100
004001	Jefferson Insurance Company	NY	100
093686	AWP Health & Life S.A.	France	59.6
090808	Mondial Assistance France SAS	France	95
092329	Fragonard Assurances	France	100
077307	TUIR Allianz Polska S.A.	Poland	100
090001	Allianz Maroc S.A.	Morocco	68.8
078466	Allianz PNB Life Insurance	Philippines	51

(¹) owns or controls

Business Profile

The following text is derived from A.M. Best's consolidated Credit Report on Allianz SE (AMB# 085014).

Allianz maintains a superior business profile as a leading global financial services provider, offering life and non-life insurance products as well as asset management services. It is one of the largest insurance groups in the world, writing gross written premiums of EUR 76.3 billion and total revenues of EUR 122.4 billion against shareholders' equity of EUR 67.3 billion in 2016. The group's vast scale and substantial global resources stand it apart from all but a small number of global competitors.

The group's revenue and earnings are highly diversified by geography, by operating unit and by line of business. Although developed western insurance markets account for a significant proportion of Allianz's revenue, no single market is critical to its success. Excellent diversification enables the group to withstand challenges as they occur and reduces the likelihood that a disturbance in any particular market will impact its overall financial performance. In 2016, the group's largest markets by revenue were Germany (28%), Italy (12%), France (11%) and the United States (10%); no other single country accounted for more than 5%. Within the majority of developed insurance markets, the group offers a wide range of products, with business often split between life and non-life insurance operations. The United States (US) is a notable exception of this, where the group has a robust position in the life savings sector but is virtually absent from P/C personal lines market. In addition to its insurance operations, Allianz benefits from a strong global asset management platform, which accounted for 5% of its total revenue and 20% of its operating profit in 2016.

A competitive advantage of Allianz lies in its ability to adjust to local markets through high quality local management and internal knowledge sharing. Furthermore, the group has centralised its global product lines and corporate business within Allianz Global Corporate and Specialty SE (AGCS), its global affinity business within Allianz Worldwide Partners (AWP) and its global risk accumulation management and reinsurance business within Allianz Re. Centralising major business functions allows the group to concentrate its expertise and improve efficiencies.

Allianz maintains a leading competitive position in numerous insurance markets around the world and its brand is recognised globally. This is often an advantage for the group's new ventures. The Allianz brand is utilised for the majority of the group's business; exceptions include Euler Hermes (a global credit insurer) and PIMCO (a leading asset manager).

Allianz has a strong management team that possesses good experience of their respective markets. The group's CEO retired in May 2015 and was replaced by Oliver Baete, with no observable negative impact on the group. This demonstrated Allianz's good succession planning and the absence of any key-person risk within the group's central function.

In the final months of 2015 Allianz announced a new three year strategic plan. Along with articulating the group's longer term aspirations, it also quantifies targets relating to growth, performance, capital management and customer relations. The strategy reinforces the group's ambitions to overhaul the mix of new life insurance products.

Scope of Operations

Scope of Operations: Allianz reports three main business segments: Property/Casualty (P/C), Life/Health (L/H) and Asset Management (there is also one smaller segment named Corporate and Other). In 2016, the group's total revenue was split between these segments as follows: P/C 42%, L/H 53%, Asset Management 5%. The split in 2016 was broadly in line with that of the prior year.

-- Property/Casualty --

Allianz's P/C division reported gross written premiums (GWP) of EUR 51.5 billion in 2016, slightly decreasing from the prior year. Adjusting for the impact of foreign exchange translation effects, growth of approximately 3% was in line with experience in the prior year. The group reports details of its P/C operations separately for some of its major operating units, which include: Germany (19% of P/C GWP), Allianz Global Corporate and Specialty (AGCS) (global markets and corporate business) (15%), Italy (9%), France (8%), Allianz Worldwide Partners (AWP) (business-to-business-to-client business) (8%), Australia (6%), UK (5%), credit insurance (via Euler Hermes) (4%), Spain (4%) and Latin America (4%). Combined, these major business units accounted for over four-fifths of the group's P/C GWP.

Allianz has developed a strong competitive position in many primary P/C insurance markets across Europe, Asia and numerous emerging markets. The combination of excellent diversification and strong competitive positioning allows Allianz to better absorb the impact insurance cycles in individual insurance markets. Allianz operates as a domestic insurer in all of its major markets, with a strong local management team.

Scope of Operations (Continued...)

Allianz's global P/C insurance business is predominantly managed via AGCS, AWP and Euler Hermes. AGCS is responsible for the group's corporate business and all global insurance lines (such as aviation, energy and marine risks). Although nearly half of AGCS's premium revenue emanates from North America, it has a well-diversified book of business. The business unit has a strong competitive position globally; however, market conditions have been adversely impacted in recent years due to an influx of capacity. AWP is a relatively new addition to the Allianz group and consolidates its global assistance (for example motor and travel assistance products) and international medical insurance business. AWP is important to the group's strategic vision due to its historically strong profitable growth. Furthermore, AWP offers products that allow the group to provide complimentary services and potentially improve customer satisfaction. Euler Hermes offers trade credit insurance on a global basis and is a market leader in its niche.

Growth of Allianz's P/C business is expected to be driven by development of the group's competitive position in mature markets and by expansion in growth markets. Considering the wide scope of Allianz's P/C operations, challenges in individual markets are unlikely to negatively impact the prospects of the overall group.

-- Life / Health --

Allianz's L/H division registered statutory gross written premiums (SGWP) of EUR 64.6 billion and net earned premiums (NEP) reported under International Financial Reporting Standards (IFRS) of EUR 23.8 billion in 2016. SGWP includes all premium revenue of life operations whereas IFRS figures do not include revenue from capital-light savings products which carry little or no insurance risk. IFRS and statutory figures declined by approximately 2% and 3%, respectively, compared to the prior year. The decline was driven by lower unit-linked single premiums as well as decreasing traditional business, and was partially offset by growth of fixed-indexed and non-traditional variable annuities, and other capital-light products.

The group's life operations have a good level of geographic diversification; however, are somewhat concentrated in Europe, which accounts for over 70% of statutory premium revenue. Germany is the group's most significant L/H market, accounting for 29% of total life revenue. In Germany the group has an excellent competitive position and benefits from diversification between life (83% of German life revenue) and health insurance (17%). Allianz Lebensversicherungs-AG, the group's principal life operating entity within Germany is itself a material part of the group, managing policyholder reserves of over EUR 180 billion, approximately one third of the group's total life reserves. Allianz's other major life insurance markets include the United States (US) (18% of statutory premium revenue), Italy (15%) and France (12%). The group maintains a strong competitive position in each of these markets, where it is a leading player in its segment.

Allianz has been focused on reducing its exposure to capital-intensive life insurance products across its portfolio for several years. In certain markets the group has been an early mover in this regard and has faced competitive pressures in doing so. Although there remain significant challenges to overcome, A.M. Best believes that Allianz is positioning itself well to manage what is likely to be a prolonged period of low interest rates and market volatility.

-- Asset Management --

Allianz is one of the largest fund managers in the world, with assets under management (AuM) of EUR 1,871 billion at its 2016 year end. Of the total AuM, a little over one quarter related to assets of the Allianz group, with the rest being third party assets. Allianz operates on a global basis with investment and distribution capacities in all major markets. Pacific Investment Management Company LLC (PIMCO) is the group's largest fund manager, accounting for approximately 76% of its third party AuM. The remaining third party AuM are managed by Allianz Global Investors (AllianzGI). Allianz encountered significant challenges at PIMCO during 2014 and 2015, when its founder and Chief Investment Officer resigned from the company. This resulted in large net AuM outflows. Although the effects of foreign exchange translation and asset appreciation have been positive and have offset AuM net outflows, significant resources have been invested and a new CEO was announced in July 2016 in order to stabilise the company. Net AuM outflows amounted to EUR 28 billion during 2016. However, during the first half of 2017 this trend reversed and positive fund flows were experienced.

Operating Performance

The following text is derived from A.M. Best's consolidated Credit Report on Allianz SE (AMB# 085014).

Operating Results: Highly diversified operations have enabled Allianz to maintain an excellent record of strong and stable overall results over a long period of time. Allianz failed to report an overall profit on two occasions in the past fifteen years and only once in the past ten years. During this period the group has been exposed to numerous large insured losses and severe macro-economic crises. In 2015, the group reported a return on equity (RoE) (including minority interest) of 10.8%, which is ahead of its 5 year and 10 year average RoEs of 11.1% and 9.8%, respectively. In 2016, Allianz's net income increased by 3.8% to EUR 7.3 billion while its capital increased by 6.5% to EUR 70.4 billion (including minority interests), allowing for a relatively flat RoE compared to the prior year. Allianz has set itself a relatively ambitious RoE target for 2018 of 13% (excluding unrealised capital gains/losses on bonds); however, A.M. Best consider that the group has the ability to manage both the earnings and equity side of this equation over the coming years in order to reach this target.

The group's operating profits are typically well diversified between its business units. In 2016, the group's net income after tax of EUR 7.3 billion was divided between its business segments as follows: P/C 57%, L/H 36%, asset management 19%, and corporate and other (including consolidated effects) -12%. The prolonged low interest rate environment is having a negative impact on Allianz's investment yield, which continues to fall. However, the pressure to increase risk appetite in order to improve investment yield is partially muted due to the group's strongly performing insurance operations. Allianz's asset management operations provide diversification from insurance markets and offer solid cash flows and operating profits that are not directly correlated with the results of its insurance businesses.

A.M. Best expects Allianz to continue to report a solid overall performance for the foreseeable future. Challenging conditions in one of the group's major markets has the potential to negatively impact the group's overall earnings in the short term. However, over the longer-term diversified and uncorrelated revenue streams are expected to support robust earnings. Europe-wide economic volatility is the most likely factor that could impact the group's earnings.

Underwriting Results

Underwriting Results: Allianz's P/C and L/H divisions have both generated a good level of underwriting earnings in each of the past thirteen years. This follows a period leading up to 2002 when the group's P/C operations were troubled and earnings were pressured. Owing to the group's focus on profitability, A.M. Best expects that underwriting performance will remain at a strong level for the foreseeable future. Modest positive and negative variations are likely in the short term due to the group's wide-ranging exposures; however, these are not expected to be material over the longer term.

-- Property / Casualty --

Allianz's P/C combined ratio (as calculated by AM Best) of 95.2% in 2016 was broadly in line with that of the prior two years and outperformed its 5-year and 10-year combined ratios of 95.8% and 96.3%, respectively. Although Allianz's P/C operations are highly diversified, its operating results are somewhat reliant on the performance of Germany, Italy, France, AGCS and Euler Hermes, which together accounted for approximately two thirds of the group's EUR 5.4 billion P/C operating profit in 2016. However, the performance of these distinct business units is uncorrelated, with loss patterns and pricing cycles almost completely independent of one another.

Almost all of Allianz's reported business units generated strong combined ratios during 2016. Of note were Germany and Italy (which together account for over one-quarter of P/C GWP), which recorded excellent combined ratios of 92.7% and 84.8%, respectively. Strong results in Germany were partially due to a moderate occurrence of large losses. Allianz's expense ratio has been stable in recent years at approximately 28%. This is not expected to change materially and prospective variation in the group's combined ratio is most likely to come from the impact of large claims, catastrophe events or severe price hardening.

Allianz has had only a small number of poorly performing P/C business units in recent years. Of these the US, Russia and Latin America (LATAM) have been the most significant. Allianz has taken action to address its under-performing business units either by selling them, closing them or by instructing new management. Challenges with the group's LATAM operations are due to macro-economic issues in various countries and may take several years to address; however, they represent only a small proportion of Allianz's business. In the US, a significant restructuring of the group's Fireman's Fund business unit took place during 2015 and improved results are expected over the coming years.

-- Life / Health --

Underwriting Results (Continued...)

Allianz's L/H operating profit increased by EUR 0.4 billion in 2016 to EUR 4.1 billion. This follows an increase of EUR 0.5 billion in the prior year. Key drivers in Allianz's improved L/H profitability were its enhanced investment margin and favourable effects from changes in deferred acquisition costs. The group's L/H results are heavily reliant on the performance of its business units in Germany, France and the US, which together have accounted for approximately two thirds of L/H operating profit in each of the past three years. However, these are distinct mature life markets where the group has a strong and sustainable competitive position.

A prolonged low interest rate environment will add negative pressure to the profitability of Allianz's L/H operations. Although the group is actively selling new products with more limited guarantees and improved capital efficiency, it carries reserves for a large volume of business that was sold with material embedded guarantees.

The basis of Allianz's Market Consistent Embedded Value (MCEV) changed in 2015 to better reflect Solvency II principles. Allianz's MCEV increased by 11% to EUR 31.8 billion during 2016. Driving this improvement was the 28% increase in the Value In Force (VIF), mainly derived from the divestment of the South Korean business; excluding South Korea from the starting value, both the MCEV and VIF would have increased by 6%. Allianz's New Business Margin (NBM) increased by 50 basis points to 2.7%, broadly in line with experience over the past three years. The group's NBM is impacted by changes in underlying economic conditions and the mix of business written.

Investment Results

Investment Results: In recent years Allianz has de-risked its invested assets by actively managing its sovereign bond portfolio, reducing its investment exposure to the banking sector and diversifying its fixed-income portfolio. At the same time, the group has increased its exposure to what it describes as real assets (equities, real estate, infrastructure and renewables). Allianz's investment strategy is coordinated by Allianz Investment Management (AIM), which aims to enhance the group's capability to invest proactively on a global scale. AIM's objective is to contribute to capital efficiencies by getting optimum risk-adjusted returns. AIM sets guidelines for the whole group regarding maximum exposure. Of the group's invested assets of approximately EUR 650 billion, approximately 15-to-20% are expected to be placed into real assets over the medium term. While these assets are generally more risky and are likely to attract higher capital charges than traditional fixed interest investments, they allow the group to match their liabilities with assets that generate relatively high returns.

Principally as a result of declining global interest rates, Allianz's investment return (excluding capital gains) declined to 2.9% in 2016 from 3.0% in 2015, 3.2% in 2014 and 3.3% in 2013. The downwards trend is expected to continue over the coming years unless interest rates increase. Capital gains have been beneficial to Allianz's overall investment return in each of the past 4 years. Fair value capital gains were detrimental to Allianz's reported shareholders' equity in 2016, decreasing it by approximately EUR 1 billion. Although an increase in global interest rates is likely to benefit the group's reinvestment rate, it may have a negative impact on its shareholders' equity in the short term.

Balance Sheet Strength

Capitalization

The following text is derived from A.M. Best's consolidated Credit Report on Allianz SE (AMB# 085014).

Capitalization: Allianz's risk-adjusted capitalisation (RAC) has been maintained at a strong level for many years, despite the impact of various insurance and capital market cycles. Although the group's market risk exposes RAC to potential volatility, A.M. Best expect RAC to be maintained at a strong level for the foreseeable future. A.M. Best's confidence stems from the conservative capital management approach adopted by Allianz's senior management, along with its sound risk management culture.

Although Allianz's adjusted capital and surplus (a Best's Capital Adequacy Ratio measure) includes a significant volume of soft elements, the overall quality of the group's capital is sound. According to Best's Capital Adequacy Ratio (BCAR), shareholders' funds accounted for over half of the group's positive adjusted surplus, with other significant contributions coming from life bonus reserves, subordinate debt and off balance sheet asset equity. Material negative contributors to the group's adjusted surplus include intangible assets and deferred acquisition costs. Due to the margin of capital that the group maintains above that required for its current rating level, A.M. Best is comfortable with the volume of soft capital elements that support Allianz's operations.

In the final quarter of 2014, Allianz revised its dividend policy to allocate net income after tax as follows: 50% for regular payment to shareholders, 20% to fund external growth, 20% to fund internal growth and 10% as a buffer for corporate purposes. This was modified during 2017, with the regular pay-out remaining 50% of net income, but the rest being more flexible and the ratchet remaining. Furthermore, the group has committed to maintain the dividend per share at least at the level paid in the prior year. In line with its dividend policy and due to the external growth budget being largely unused, in 2017 the company announced that it would be repurchasing EUR 3 billion of its own stock. Allianz has a good record of capital growth over its recent history, with its total capital (including minority interest) increasing annually on average (compound annual growth ratio) by 7% over the past ten years. Allianz's dividend policy is contingent on the group maintaining a Solvency II ratio above 160%.

At its 2016 year end, Allianz had EUR 7.6 billion of senior debt and EUR 12.3 billion of subordinated debt on its balance sheet. Allianz is a regular participant in capital markets and its debt leverage and interest coverage ratios are comfortably within tolerance for the group's rating level. In addition to its access to equity markets, this allows Allianz excellent financial flexibility.

Allianz retains the vast majority of its underwriting risks. Reinsurance that is ceded by the group relates largely to fronting business and to the protection of peak risks. Allianz's outwards reinsurance purchasing is relatively sophisticated and is centralised through Allianz Re.

Sophisticated capital management is a positive rating factor. Capital management guidelines relating to Solvency II's (SII) Solvency Capital Requirement (SCR) are published, with the group defining a target range between 180% and 220%. If the SCR falls below 160% there will be an adjustment to the group's dividend policy and below 145% there will be capital actions. At the second quarter of 2016 Allianz's SII ratio was 186%, which is at the lower end of its target range. Over time, A.M. Best expects the group's SII ratio to benefit from management actions and from the exit from capital intensive business. Further regulatory uncertainty remains regarding basic capital requirements (BCR) for Global Systematically Important Insurers (GSII), for which Allianz has been assigned designation.

In line with the geographical split of its insurance business, the majority of Allianz's fixed-income portfolio is invested in European bonds and loans, the vast majority of which are of investment-grade. Allianz's exposure to sovereign bonds issued by Spain, Greece, Ireland, Portugal and Italy has significantly reduced in recent years. Of these countries, Italy and Spain represented the largest exposures with shares of 4.3% and 2.0% respectively of the overall debt instruments portfolio.

Loss Reserves

Loss Reserves: Allianz prudently sets its reserves in line with best market practices. Over the last ten years, P/C reserves for the majority of the group's accident years have developed positively. During 2016, reserve releases mainly derived from the beneficial development of long-tail business in France and Australia.

Liquidity

The following text is derived from A.M. Best's consolidated Credit Report on Allianz SE (AMB# 085014).

Liquidity: A.M. Best regards Allianz's liquidity as good. The majority of its investment portfolio consists of highly rated fixed-income bonds, which are easily marketable. Additionally, Allianz has good access to capital markets. Cash-flow requirements are constantly monitored on a group-wide basis, and the group's subsidiaries benefit from access to a group-wide cash pooling facility. Allianz's active asset/liability management minimises its liquidity risks.

As a part of the group's capital management strategy, additional capital is maintained at the group level in liquid funds. These funds are expected to exceed EUR 5 billion and are available to support subsidiaries when their individual RAC becomes stressed.

Summary Of Operations

Summarized Accounts as of December 31, 2016

Data reflected within all tables of this report has been compiled from the financial statements of this company (Source: Company Financial Statement). An independent audit of the company's affairs through December 31, 2016, was conducted by KPMG AG Wirtschaftsprüfungsgesellschaft.

US \$ per Local Currency Unit 1.05373 = 1 Euro (EUR)

Statement of Income

Technical account:	12/31/2016	12/31/2016
	EUR(000)	USD(000)
Reinsurance premiums assumed	10,820,290	11,401,664
Gross premiums written	10,820,290	11,401,664
Reinsurance ceded	787,517	829,830
Net premiums written	10,032,773	10,571,834
Increase/(decrease) in gross unearned premiums	425,198	448,044
Increase/(decrease) in reinsurers share unearned premiums	17,098	18,017
Net premiums earned	9,624,673	10,141,807
Other technical income	72,789	76,700
Total underwriting income	9,697,462	10,218,507
Net claims paid	5,088,858	5,362,282
Net increase/(decrease) in claims provision	1,261,547	1,329,330
Net claims incurred	6,350,405	6,691,612
Acquisition expenses	-117,682	-124,005
Net operating expenses	2,946,248	3,104,550
Other technical expenses	21,864	23,039
Total underwriting expenses	9,318,517	9,819,201
Balance on technical account	378,945	399,306

Combined technical account:	12/31/2016	12/31/2016
	EUR(000)	USD(000)
Reinsurance premiums assumed	10,820,290	11,401,664
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Other technical expenses	21,864	23,039
Total underwriting expenses	9,318,517	9,819,201
Balance on combined technical account	378,945	399,306
Non-technical account:	12/31/2016	12/31/2016
	EUR(000)	USD(000)
Net investment income	3,199,067	3,370,953
Realised capital gains/(losses)	166,922	175,891
Unrealised capital gains/(losses)	-77,667	-81,840
Other income/(expense)	-459,391	-484,074
Profit/(loss) before tax	3,207,876	3,380,235
Taxation	-267,295	-281,657
Profit/(loss) after tax	3,475,171	3,661,892
Increase/(decrease) in the equalisation provision	527,557	555,903
Retained Profit/(loss) for the financial year	2,947,614	3,105,989
Retained Profit/(loss) carried forward	2,947,614	3,105,989

Balance Sheet

In compliance with International Financial Reporting Standards (IFRS), securities held to maturity are valued at amortized cost; and securities available for sale at market value. Real estate is carried at cost less accumulated depreciation, without allowance for inflation.

Assets

	12/31/2016	12/31/2016	12/31/2016
	EUR(000)	% of total	USD(000)
Cash & deposits with credit institutions	1,433,644	1.2	1,510,674
Bonds & other fixed interest securities	30,029,732	24.7	31,643,230
Shares & other variable interest instruments	1,753,794	1.4	1,848,025
Liquid assets	33,217,170	27.3	35,001,929
Mortgages & loans	279,015	0.2	294,006
Real Estate	250,343	0.2	263,794
Inter-company investments	64,906,175	53.4	68,393,584
Total investments	98,652,703	81.2	103,953,313
Reinsurers' share of technical reserves - unearned premiums	81,950	0.1	86,353
Reinsurers' share of technical reserves - claims	1,942,273	1.6	2,046,631
Reinsurers' share of technical reserves - life	26,734	...	28,170
Total reinsurers share of technical reserves	2,050,957	1.7	2,161,155
Deposits with ceding companies	8,028,086	6.6	8,459,435
Insurance/reinsurance debtors	450,606	0.4	474,817
Inter-company debtors	6,447,946	5.3	6,794,394
Other debtors	5,022,127	4.1	5,291,966
Total debtors	11,920,679	9.8	12,561,177
Fixed assets	15,632	...	16,472
Prepayments & accrued income	615,256	0.5	648,314
Other assets	247,565	0.2	260,867
Total assets	121,530,878	100.0	128,060,732

Balance Sheet (Continued...)

Liabilities

	12/31/2016	12/31/2016	12/31/2016
	EUR(000)	% of total	USD(000)
Capital	1,164,975	1.0	1,227,569
Paid-up capital	1,164,975	1.0	1,227,569
Non-distributable reserves	39,628,821	32.6	41,758,078
Claims equalisation reserve	2,315,370	1.9	2,439,775
Retained earnings	3,855,866	3.2	4,063,042
Capital & surplus	46,965,032	38.6	49,488,463
Gross provision for unearned premiums	1,642,350	1.4	1,730,593
Gross provision for outstanding claims	11,717,941	9.6	12,347,546
Gross provision for long term business - life	814,245	0.7	857,994
Gross provision for other technical reserves	32,260	...	33,993
Total gross technical reserves	14,206,796	11.7	14,970,127
Short term borrowings	2,973,505	2.4	3,133,271
Other borrowings	13,806,280	11.4	14,548,091
External borrowings	16,779,785	13.8	17,681,363
Deposits received from reinsurers	1,075,022	0.9	1,132,783
Insurance/reinsurance creditors	410,563	0.3	432,623
Other creditors	34,717,195	28.6	36,582,550
Total creditors	35,127,758	28.9	37,015,172
Accruals & deferred income	7,344	...	7,739
Other liabilities	7,369,141	6.1	7,765,085
Total liabilities & surplus	121,530,878	100.0	128,060,732

History

Date Incorporated: 1890

Date Commenced: 1890

Domicile: Germany

The holding company of the group was licensed as Allianz Versicherungs-Aktiengesellschaft on January 13, 1890 in Berlin, Germany, and registered on February 5, 1890. Its initial capital totalled EUR 2,045,000. Shares were first quoted December 12, 1895 on the Berlin Stock Exchange. In 1949, the company moved its headquarters from Berlin to Munich. The group began as a specialty carrier for personal accident business and rapidly expanded into other property/casualty lines of business. In 1922, the group entered the life insurance market. While Allianz established branch offices in other European countries, it was not until 1976 that it established Allianz of America and began its global expansion. In 1984, Allianz acquired an interest in Riunione Adriatica de Sicurtà (RAS), a major Italian insurance group. In 1986, Cornhill Insurance PLC, London was acquired. Fireman's Fund Insurance companies were added to the group in 1990. Starting in 1995, Allianz and Munich Re began to unwind some of their crossholdings allowing each group to consolidate increased shares in their assets. Hermes Kreditversicherungen, a leading credit insurer, was acquired in 1996 through an exchange of shareholdings with Munich Re.

In 1998, the Allianz Group purchased 51% of Assurances Generales de France (AGF) via a tender offer supported by AGF. Shareholders were offered the choice of an outright sale of their shares or the right to sell their shares at a later date, with the sales price contingent on specific conditions. The offer was successful. In 2007 Allianz SE announced the minority buyout in AGF.

In 2006 Allianz changed its legal form to a Societas Europaea and was from then on named Allianz SE. The parent company became the first company in the Dow Jones EURO STOXX 50 Index to adopt that new European legal form for stock corporations.

Allianz SE remains headquartered in Munich, Germany. With more than 147 thousand employees worldwide (as of December 2014), the Allianz Group serves more than 80 million customers in over 70 countries.

Management

Supervisory Board: Dante Barban, Dr. Wulf Bernotat (Vice Chairman), Christine Bosse, Gabriele Burkhardt-Berg, Jean-Jacques Cette, Friedrich Eichniner, Martina Grundler, Prof. Dr. Renate Koecher, Jürgen Lawrenz, Dr. Helmut Perlet (Chairman), Jim Hagemann Snabe, Rolf Zimmermann (Vice Chairman).

Board of Management: Oliver Baete (Chairman, Chief Executive Officer), Sergio Balbinot, Jacqueline Hunt, Dr. Helga Jung, Dr. Christof Mascher, Oliver Schmidt, Günther Thallinger, Dr. Axel Theis, Dr. Dieter Wemmer, Dr. Werner Zedelius.

Reinsurance

The following text is derived from A.M. Best's consolidated Credit Report on Allianz SE (AMB# 085014).

Allianz has a prudent reinsurance programme in place aimed at controlling its exposure to large and catastrophic losses. Allianz Re coordinates the reinsurance needs of all subsidiaries across the group and acts as a reinsurer for most subsidiaries. For all P/C treaties (excluding those for natural catastrophe events), operating entities retain premiums in accordance with group guidelines. Ceded business is centralised at the group level and allocated to external reinsurance treaties. The group also maintains a centralised programme for natural catastrophe events that pools exposures from a number of subsidiaries by internal reinsurance agreements. Allianz uses the external reinsurance market for peak risks in excess of the group's risk appetite.

In addition to traditional reinsurance, Allianz also uses alternative risk transfer vehicles.

Balance Sheet Items

Balance Sheet Items (Continued...)

	EUR (000) 2016	EUR (000) 2015	EUR (000) 2014	EUR (000) 2013	EUR (000) 2012
Liquid assets	33,217,170	27,952,396	25,266,367	22,757,281	18,198,499
Total investments	98,652,703	95,571,504	91,523,236	88,445,746	89,004,137
Total assets	121,530,878	115,378,560	107,472,426	103,886,869	101,707,421
Unrealized gain/(loss) on investments	11,800,000	7,700,000	9,000,000	7,300,000	8,800,000
Total gross technical reserves	14,206,796	12,448,680	9,334,624	8,304,435	10,608,596
Net technical reserves	12,155,839	11,379,786	8,255,686	6,990,922	9,333,146
Total liabilities	74,565,846	68,612,856	61,423,277	58,764,026	57,385,866
Capital & surplus	46,965,032	46,765,704	46,049,149	45,122,843	44,321,555

Income Statement Items

	EUR (000) 2016	EUR (000) 2015	EUR (000) 2014	EUR (000) 2013	EUR (000) 2012
Gross premiums written	10,820,290	8,328,023	7,084,080	3,568,150	3,672,479
Net premiums written	10,032,773	7,520,462	6,078,163	2,996,614	3,156,976
Balance on technical account(s)	378,945	165,230	190,315	43,215	71,547
Profit/(loss) before tax	3,207,876	3,390,900	3,099,045	2,638,875	1,946,459
Profit/(loss) after tax	3,475,171	3,746,353	3,269,719	2,782,711	2,489,700

Liquidity Ratios (%)

	2016	2015	2014	2013	2012
Total debtors to total assets	9.8	10.2	10.3	10.9	6.5
Liquid assets to net technical reserves	273.3	245.6	306.0	325.5	195.0
Liquid assets to total liabilities	44.5	40.7	41.1	38.7	31.7
Total investments to total liabilities	132.3	139.3	149.0	150.5	155.1

Leverage Ratios (%)

	2016	2015	2014	2013	2012
Net premiums written to capital & surplus	21.4	16.1	13.2	6.6	7.1
Net technical reserves to capital & surplus	25.9	24.3	17.9	15.5	21.1
Gross premiums written to capital & surplus	23.0	17.8	15.4	7.9	8.3
Gross technical reserves to capital & surplus	30.2	26.6	20.3	18.4	23.9
Total debtors to capital & surplus	25.4	25.1	24.1	25.1	14.8
Total liabilities to capital & surplus	158.8	146.7	133.4	130.2	129.5

Profitability Ratios (%)

	2016	2015	2014	2013	2012
Loss ratio	66.0	68.9	67.9	67.1	70.2
Operating expense ratio	29.4	27.5	26.9	31.6	27.6
Combined ratio	95.3	96.4	94.8	98.7	97.8
Other technical expense or (income) ratio	-0.5	0.1	0.3
Net investment income ratio	33.2	89.4	81.4	56.9	43.2
Operating ratio	61.6	7.0	13.4	41.8	54.8
Return on net premiums written	34.6	49.8	53.8	92.9	78.9
Return on total assets	2.9	3.4	3.1	2.7	2.5
Return on capital & surplus	7.4	8.1	7.2	6.2	5.6

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

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