Allianz Nederland Groep

Annual Report 2010

Allianz

Contents

1 Foreword

3 **Allianz Nederland**
3 Profile
3 Ambition
3 Positioning
5 Key figures
6 Personal details

7 **Report from group management**
7 Allianz in 2010
7 - Vision of the insurance market
10 Allianz Nederland Schadeverzekering
10 - Developments in the non-life market
11 - Our markets
13 Allianz Nederland Levensverzekering
14 - Developments in the life market
14 - Our markets
15 Banking products and asset management
15 - Developments in the capital market
15 - Our markets
17 Outlook

19 **Financial statements 2010 Allianz Nederland Groep**
20 Consolidated financial statements
25 Notes to the consolidated financial statements
32 Notes to the consolidated statement of financial position – assets
38 Notes to the consolidated statement of financial position – equity and liabilities
45 Notes to the consolidated income statement
63 Corporate financial statements
68 Other information

70 **Other details**
70 Addresses
71 Credits

Foreword

Allianz Nederland maintains a steady course in a difficult market

In a very difficult market Allianz Nederland has shown itself again to be a party that, on its own strength, can be meaningful for intermediaries and customers. Despite severe competition we have maintained or even improved our position. And that while we explicitly opt for sustainable growth and therefore do not underwrite any loss-making risks for the sake of the top line.

The insurance industry in The Netherlands is different from that in other European countries. We have had to deal with the transparency discussion and subsequently a discussion about which expenses insurers are allowed to charge. In addition, there was the financial crisis which caused a serious fall in demand, especially for life products. The crisis has led to new legal and compliance measures, both for us and for intermediaries. Furthermore, we are witnessing the emergence of completely new forms of distribution which are linked with the substantial increase in the use of the internet. Policyholders have ever more influence and decide themselves how, when and where they arrange their insurance. Intermediaries are gearing their business model to this new reality. Allianz Nederland is consciously investing in both the relationship with intermediaries and the development of Allsecur, its direct writer.

Long-term presence

For several years, overcapacity in the market has placed enormous pressure on insurance pricing in The Netherlands. In other European countries we see cautious price increases, which are slowly leading to an improved balance between risk and return. In The Netherlands it seems as though loss-making risks are underwritten in order to gain market share. The Dutch Central Bank (DNB) has even sent a letter to motor insurers about this. We have our doubts about the viability of such business models and continue to constantly address the profitability of our company. Independent, without any state aid and with the position and extensive knowledge of Allianz Group as strong back-up. Allianz aims clearly for a long-term presence in the Dutch market and for an independent position, with sufficient size and individuality.

Our own direction

We have observed the onset of the above-mentioned (price) developments and have quickly anticipated the changes in our environment by making radical choices in our product assortment, our market approach and our organization. We have set out our own direction very consciously in a long-term plan, with the international Target Operating Model occupying centre stage. We already started the redesign and reorganization of our company in 2008, with 2012 as the completion date. Preparations have been worked on during the last two years in order to create a completely new organization. A company with even more focus on customers' needs. We are listening closely to our customers and we know what they want. To this end we are changing our organization and the products we offer. Our ultimate goal is to offer consumers transparency with respect to the price/value ratio of our products and services and also the freedom to choose how and where they purchase a product. For our commercial customers and intermediaries, we are keeping the regional offices in order to meet their requirements for easily accessible and highly efficient expertise.

Up until mid-2011 we will be working hard on centralizing activities in Rotterdam, with the aim of creating an open, accessible company for both intermediaries and the customers. With this redesign, the focus has been on cost control, providing us with greater flexibility to respond quickly to new changes. We can express our satisfaction with the fact that we are progressing ahead of our plans and that the first benefits of the efforts will already be reaped in 2011. In addition, the operation has run almost without a hitch up until now, without any hindrance for customers and this is also not expected in future. We remain aware of one point, i.e. the quality of our service must not suffer due to the changes.

'One Company'

Unfortunately the reorganization which was necessary to improve our expense base, has had personal consequences for employees. They must relocate or say farewell to colleagues and that has been difficult and emotional for the whole company. We can now see some signs that the mood is improving. Employees perceive the new opportunities and extract energy and strength from this. As is fitting for an entrepreneurial company we are looking forward to what we still have to do. Our challenge is to create a common culture out of our multi-facetted origins. 'One Company' is our motto for the coming years. With respect for the past, we are together building a company for the future which keeps the customer firmly in its sights.

We will have to adjust to a situation that changes from year to year. This is in line with our entrepreneurial way of thinking, openness to change and creativity. Learning and being open to the new customer wishes are key. The change in our organization is then primarily qualitative. The quality which customers request from our service and from our products will only increase. In order to satisfy this, we, as management, will have to examine our role together with employees. This includes the role of employer.

Talent factory

Allianz Nederland aims to be an attractive employer for people who want to develop themselves in the financial sector. The employer of tomorrow will be a key catalyst in achieving customer satisfaction through its employees. Satisfied employees contribute positively to customer satisfaction. With this philosophy we want to think together about what we need to become even more successful. We will do this in an open manner, also towards the industry. In this way we will try to be a 'talent factory' for the insurance industry and as such play an important role in The Netherlands. For example, our contacts with Erasmus University in Rotterdam continue to intensify. The actuarial master class which we initiated in 2009, returned by popular demand in 2010. In addition to employers and management, we also want to involve the works council in answering the questions about how we can properly fulfil our role as employer. In recent months, we have had important talks with the works council about the reorganization. From now on, the works council will also be actively involved with the conditions required for future success.

International opportunities

'One Company' is also aimed at our customers and international colleagues. The Dutch market no longer ends at the national borders. Dutch businesses are operating in an increasingly open Europe, in an open world. Media, internet, the euro and greater mobility play an important role in this respect. We are strong locally; our roots are in the Dutch market. However, it is no longer about being big in a small market, but about sharing our wealth of international expertise and making this accessible to customers. This also offers good prospects for our staff who can generate energy and pleasure from international co-operation.

Our employees are worth their weight in gold

In conclusion, I want to express my gratitude to our employees. We constantly hear in the market that our employees are worth their weight in gold. They are the face of Allianz Nederland in the market and communicate our values every day. It is clear that in the changes which we are experiencing, we have had to make difficult decisions with them and the works council. Such decisions have led to the departure of colleagues, for whom this has a profound impact on their personal lives. We manage this process with the utmost care. Happily we notice that despite the change dynamic, we are increasing our grasp of the real issues. From this it appears that our employees are maintaining focus on their work and the customers. This feels good and offers a clear insight into the opportunities tomorrow may bring.

Ron van het Hof
Chairman of the management board Allianz Nederland Groep

Allianz Nederland

Profile

Allianz Nederland is part of Allianz S.E., one of the largest financial institutions in the world. In Europe, Allianz is market leader when it comes to risk acceptance and the development and provision of financial solutions. In The Netherlands, Allianz operates as an integrated financial services provider with a distinguished package of risk and asset management products. Our worldwide knowledge of risk management and financial planning mean that we are able to lead the field continuously with expert advice and product development.

With approximately 1,300 employees, Allianz Nederland is a medium-sized insurer that, due to its size, is able to take advantage of changes in the market in a flexible and intelligent way. Our employees have the room to develop themselves and to play a meaningful role in achieving our strategy. Profitable growth and customer focus represent the core of this. By working in the most efficient way, we offer customers the best quality and service for the keenest price. This stimulates continuous innovation in the interests of the customer.

Allianz Nederland offers its services and products within the disciplines of non-life and life insurance, asset management and income-related insurance and has its head office in Rotterdam. With regional offices in Eindhoven, Nieuwegein, Rotterdam and Zwolle, the company communicates more efficiently with its customers. We serve our customers in the most appropriate way for them, via intermediary or direct writer.

Ambition

Allianz is the financial services provider positioned next to the customer. We want to be the insurer with the most loyal customers and with employees who consider us to be the best employer in the industry. Customers value us because we are a stable, transparent and sympathetic company. We listen to and learn from our customers and then we make choices in the composition of our products and the way in which we approach the market. Our employees are our ambassadors to the customer. They dispose of international and local professional expertise with which they want to serve Allianz customers.

Positioning

Allianz aims at above-average performance in the Dutch financial services market. Profitable growth is our goal. We want to achieve this by positioning ourselves as the most efficient provider, which delivers first class quality and thereby automatically creates ties with the customer. We want to differentiate ourselves with innovative products and services. By affording customers access to our insurance products via different channels, we make sure that they can always find them, including the broad knowledge of Allianz Group.

Professional, highly driven employees are a pre-requisite for Allianz Nederland in order to be able to transform the strategy into reality. Employees receive a lot of responsibility and are challenged to grasp this with both hands and to continue developing themselves.

Allianz Nederland Schadeverzekering

Allianz Nederland is an important player on the Dutch insurance market. We have a leading position in a number of markets, particularly in motor insurance and in the commercial market. It is characteristic to our approach that we know how to combine professional expertise with regard to risk underwriting with entrepreneurship. Account management has a high degree of freedom to interpret our goal of optimal co-operation with the intermediary.
Allianz Nederland Schadeverzekering operates with five brands, each one aimed at a specific market segment:

- Allianz Nederland Schadeverzekering concentrates on the SME and personal lines market, including fleets and other group policies arranged by the independent intermediary;
- Allianz Nederland Verkeer- en Privéverzekeringen insures large motor fleets and personal lines and works with local and international brokers;
- Allianz Nederland Corporate insures large, complex commercial risks for local and international companies in the co-insurance market. It works with local and international brokers;
- Allianz Inkomensverzekeringen is a specialist business unit that is directed exclusively at insurance solutions in the field of income protection. This label works with specialist intermediaries and brokers;
- Allsecur is our direct writer which is aimed at the retail segment with car, bicycle and moped insurance. Allsecur offers bicycle and moped insurance under the Orion label.

As a sister company of Allianz Nederland Schadeverzekering, London Verzekeringen directs itself primarily towards standard insurance products for the personal lines market. Distribution is

via the intermediary and is almost completely digital.

Allianz Nederland Levensverzekering

Allianz Nederland Levensverzekering stands out in the life insurance market with modern, flexible products with prices in line with the market. We attach great value to advice about our products from high quality intermediaries. Through this channel we offer group and individual pensions, mortgages and term life assurance. Together with his adviser, the insured can select the investment mix which suits his risk profile best. There was significantly less production in unit-linked business and this was replaced by bank savings products offered by Allianz Nederland Asset Management.

Allianz Nederland Asset Management

Allianz Nederland Asset Management is a banking institution which has focussed on group asset management since 1959. Our activities are aimed at:

- offering a complete range of investment funds including via investment accounts. In this way we manage the assets of approximately 55,000 account holders;
- management of the unit-linked funds offered to policyholders by Allianz Nederland Levensverzekering;
- offering bank savings products linked to a term life assurance;
- group asset management for the companies which belong to Allianz Nederland Groep.

The total assets under management with Allianz Nederland Asset Management amounted to € 6.1 billion at the end of 2010, of which € 3.2 billion for the risk of the policy holders.

Key figures

(€ mln)	2010	2009	2008	2007	2006
Income					
Gross premiums written					
- Property-Casualty	910	916	913	927	926
- Life	315	354	371	399	425
Total gross premiums written	1,225	1,270	1,284	1,326	1,351
Investment income	166	210	214	256	177
Other income	37	31	28	24	25
Income	1,428	1,511	1,526	1,606	1,553
Net premiums written	1,089	1,135	1,155	1,199	1,221
Operating result	111	91	102	182	207
Profit before taxes					
Property-Casualty	69	60	70	234	179
Life	43	60	35	58	58
Asset Management	8	12	7	12	12
Other profit/loss (including cost of financing)	-	1	(1)	(5)	2
Total result before taxes	120	133	111	299	251
Total result after taxes	90	98	84	228	176
Return on Equity	14%	15%	12%	29%	25%
Investments					
At the risk of the company	2,869	2,863	2,464	2,951	3,109
At the risk of the policyholders	3,202	3,057	2,773	3,356	3,172
Total investments	6,071	5,920	5,237	6,307	6,281
Insurance provisions					
Gross	5,564	5,431	5,015	5,551	5,329
Net	5,410	5,244	4,829	5,374	5,191
Shareholders' equity					
Paid-up capital	60	60	60	60	60
Reserves	604	605	588	737	713
	664	665	648	797	773
Average number of staff (converted to full-time equivalent)	1,281	1,328	1,346	1,337	1,331

Personal details

Management board Allianz Nederland Groep

R. van het Hof (chairman)

P.S. Grimberg

S.L. Laarberg

C.J.A.M. Schneijdenberg

H.J.J. Schoon

Supervisory Board Allianz Nederland Groep

R.J.W. Walvis (chairman)

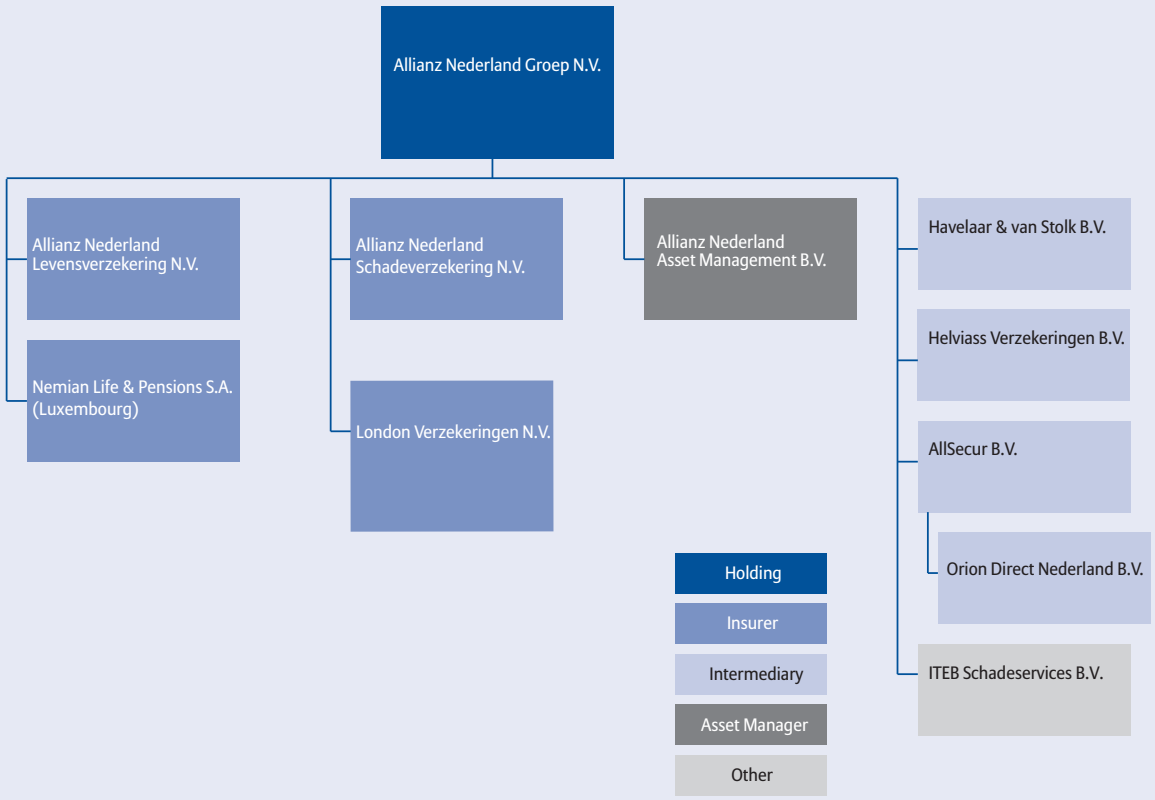
G.J. de Boer-Kruyt

F.W. Fröhlich

J. Weber

H. Gloaguen

Organization chart Allianz Nederland Groep N.V.



Report from group management

Allianz Nederland in 2010

Vision of the insurance market

The financial strategy of Allianz Nederland is directed at maintaining operational profit. We want to achieve this by explicitly choosing high quality business for the middle to long term. In the Dutch insurance industry, there is currently heavy pressure on pricing which gives rise to overcapacity against a background of diminishing demand. Pricing is also influenced by large insurers that are supported one way or another, by the Dutch state or by a parent company. Allianz Nederland does not compete on price. We accept the consequence that selective pricing can lead to reduced income from business that does not return enough profit. On the other hand it affords greater retention of profitable segments and clients.

As a completely independent and profitable party, Allianz Nederland has changed course on time and has taken far-reaching measures to stand up against the competition. Our business model is tailored to meet demand with optimal flexibility in order to act on changing market circumstances. Streamlining the organization, centralization of support functions and outsourcing of IT infrastructure services lead to structural improvement of the expense level. Furthermore we have a flat organization structure with few management levels. This makes Allianz Nederland highly competitive in terms of technical expenses. With the current restructuring, the relationship between income and expenses shows a solid basis.

Financial result

Premiums written in non-life and life insurance for Allianz Nederland amounts to € 1,225 million, a reduction of 4%.

The premium income in non-life is € 910 million, a reduction of 1% when compared with 2009. This can be explained in part by the fact that Allianz Nederland consciously ceases to participate in unprofitable parts of the portfolio and in part by the fact that we do not accept the low rates which are seen in the market. Two important growth engines produce a substantial contribution to the results: the new activities of Allsecur and income related business have grown quicker than anticipated and performed excellently.

The income from our life company fell in comparison with 2009 due to the poor market conditions, however in relative terms the market position improved significantly. The reduced income in traditional life products was more than compensated by growth in Allianz Plus bank savings products.

Asset management returned a good investment result in comparison with 2009 and was successful with bank savings products which are offered using the Allianz Plus brand.

The cost savings programmes, which we have been implementing since 2008, are still underway. This reorganization is a direct outcome of the implementation of the Target Operating Model and intends cost savings according to the Operational Transformation Plan. In 2010 the total restructuring charges amounted € 26.8 million.

Net profit decreased by 8% to € 90 million (2009: € 98 million). The operating profit increased to € 111 million (2009: € 91 million). The combined ratio came to 98.6%, which is better than in 2009 (101.8%) and better than the market average.

Improved solvency

Allianz Nederland is and remains a creditworthy company for intermediaries, investors and insureds. Capital and free reserves amounted at the end of 2010 to € 664 million, which is almost equal to € 665 million in 2009. The solvency remained strong at 185% and improved when compared with 184% in 2009 (the 2009 figure has been adjusted for comparison purposes). In December 2010 Standard & Poor's confirmed our 'AA-' financial strength rating with stable outlook for our main insurance subsidiaries (Allianz Nederland Schadeverzekering, Allianz Nederland Levensverzekering and London Verzekeringen).

Risk profile

Allianz Nederland recognises four general risk categories: market risks, actuarial risks, credit risks and operational risks. These are described in detail in the notes on the financial statements. The credit risk profile of Allianz Nederland has become more stable. This is because we reduced a large part of our investments in southern Europe and Ireland during the first quarter of 2010 and converted them into German and Dutch government bonds. The composition of the investment portfolio is now conservative.

Risk management and internal controls

Risk management affects the core of our activities as financial service provider. As an insurer we must always be able to meet our obligations towards the insureds. Investment risks must therefore always be in proportion to the return we make: insured risks must be protected by available capital. To guarantee the continuity of Allianz Nederland as an insurance company, sound risk management is essential.

Allianz Nederland has a risk committee supported by a risk management department. The management board, the actuaries and the head of the risk management department are represented in the risk committee. The responsibilities of all parties concerned are clearly defined and published. Furthermore Allianz Nederland reports regularly about risk management to the supervisory board. Another description about the set up and operation of the risk management system is shown under note 33 on risk management in the annual report. The risk management system of Allianz Nederland comprises an integral part of the worldwide risk management system of Allianz Group.

Implementation of Solvency II

In 2010 the risk management department was expanded significantly due to the preparations for the stronger supervisory demands regarding capital requirements for insurance companies (Solvency II).

In order to qualify for an internal capital model under the Solvency II regime, not only the model but also the complete infrastructure (process, knowledge, data integrity) must meet high demands. Therefore Allianz Group has decided to replace the existing internal capital models and to improve the whole group's infrastructure significantly.

To begin with, we implemented in 2010 the risk models for internal reporting, which were developed and tested within Allianz Group in 2009. These internal models deliver more detailed information about the risks in the portfolio than the standard Solvency II model.

Secondly, we started the pre-application for Solvency II in 2010, the heaviest phase in the process. This involved the implementation of the management and administrative organization. This is required by the supervisory authority in order the make it possible for us to use our internal risk models with effect from 1st January 2013. In this context we delivered our models for assessment to the shareholder and the supervisory authority in November 2010.

The third part of the Solvency II implementation involves risk reporting. We are going to tackle this subject together with the implementation of IFRS 4 within the insurance industry. More information about this is contained in the risk management paragraph (Note 33).

Provided that the authority approves our model, Allianz will need to retain less capital than the standard model requires. This offers important advantages for our competitive position. With this we communicate a clear signal to the market about our financial strength.

New strategic direction Allianz Nederland

One Company: central management model, central location

In order to maintain and expand our position in the Dutch market, Allianz Nederland has completely centralized the management of the organization.

In 2010 Allianz Nederland carried out further reorganization in order to expand the management model and its customer focussed strategy. Centralized locations are part of this. A significant step is joining almost all support functions in the head office in Rotterdam. The mid and back offices and claims handling for all labels will be located here. The IT application has been changed in order to be able to support this. The relocation of employees from other locations will be completed by mid-2011. The integration of activities in one place offers new development and career opportunities to employees as the career paths are no longer limited to just non-life, life or asset management.

Allianz Nederland wants to be accessible to customers and intermediaries. This is expressed in the decor of the Rotterdam offices. We have chosen an open style to stimulate co-operation and contact with colleagues.

Multichannel model implemented

Sales and Market Management have been reorganized in line with the strategic change. We differentiate between private individuals, SME and the large corporate market, which we serve via different channels: via the intermediary and directly. The private individual can choose between arranging their motor insurance via the intermediary or via our direct writer Allsecur. Savings products can be arranged with Allianz Nederland Asset Management. SME remains a market that we want to approach mainly via the intermediary. We serve the large corporate segment via an international account group and via our product specialists and brokers.

New regional Sales organization SME

In 2010 the market organization aimed at SME took its first steps towards this new model. Based on proposition testing and talks with intermediaries, we have defined where the demand lies. The intermediary values our account management being especially accessible and close. Therefore we have chosen to expand our regional approach for the sales organization, close to our business partners. There are four regional offices spread over the country, from where our sales organization representing all the former business units work together in the market. They are supported by a team of life, non-life and income insurance specialists. The teams were trained in 2010 to provide a breadth of advice together with the intermediary, tuned to the needs of the customer. Our account managers are immediately available, without the intervention of a call centre and have adequate authority to underwrite risks themselves. This reorganization has been implemented without any inconvenience for the intermediary or the insured.

Customer relations is supported both centrally and locally by a modern system. Account management uses this system nationwide in its contact with the intermediary.

Employees

New organization

A social plan was agreed in November 2009 to compensate for the personal consequences of the reorganization which started in 2009. In March 2010 the plans for the new organization were finalized for almost all business units. Detailed plans were prepared showing all relevant information, e.g. staff numbers and locations. During the following months, the consequences for individual employees also became clear.

Many employees are going to work in new teams and will have different positions. Individual talks have been held with employees about their new situation. Employees, who must leave our company, can decide to make use of the internal relocation bureau to move from job to job. In June 2011 the reorganization and the relocation operation are expected to be completed. A small part of the life company, ICT and the regional office will remain in Nieuwegein.

Works council

Making choices about the implementation of the new organization has been an intensive process which took place in close co-operation with the works council. The council met regularly with management to discuss this. The organization plan was presented in March 2010 in a request for advice to the council, which responded positively at the end of June. In addition to the provisions of the social plan, it was agreed with the council that employees, who will have extra pressure in terms of travel to Rotterdam, will receive compensation for a year and a half.

Culture programme

An individual, outstanding culture belongs to a new, centrally organized company which places customer demand at the forefront. In September 2010 research was carried out amongst all employees. In the coming months a culture programme will be worked out to match employees' experience with the identity and direction of our new organization. Allianz Nederland "One Company" will be the theme.

Integrity and complaint management

Allianz Nederland has taken a number of steps to safeguard the integrity of the organization. There is a code of conduct which is based on the models published by Allianz Group and the insurers' association (Verbond van Verzekeraars). We have used this code since 2004. Employees are screened prior to joining the company. In addition new employees follow a code of conduct training and they sign the code of conduct which then forms part of the employment contract. Management ensures that the code is upheld. Allianz Nederland has a whistleblower's regulation; incidents can be reported to the compliance officer. Employees who want to report an incident related to personal integrity in the form of undesirable actions can go to the external confidential adviser.

Governance

Allianz Nederland continues to comprise a number of separate legal entities, as described in note 48, and it meets its responsibilities in the annual report and accounts in line with this structure. At operational level, the organizational model is different to the legal structure. The supervisory structure of Allianz Nederland has been established in line with this in order to ensure well-managed, honest business practice. A number of steps have been taken to ensure that the management and supervisory boards comply with all requirements. For example rules have been published regarding the operating of the boards and their composition is monitored when any change occurs. In this way Allianz Nederland manages the decision making process and information applications, in line with both the internal and legal requirements.

Allianz Nederland Schadeverzekering

Despite the heavy pressure on prices in the market and our focus on profitable income, the market share in non-life insurance has remained practically unchanged. The result before tax increased by 15% to € 69 million (2009: € 60 million). Allianz Nederland succeeded in keeping the number of customers and policies and the amount of property insured stable. On the one hand, the technical result was influenced negatively by the investment performance, which was under pressure from low interest rates. On the other hand the cost savings measures produced positive effects. Due to the severe and prolonged weather conditions at the beginning of 2010 the number of claims increased. The average claims frequency reduced during the year. The claims incurred ended the year at € 550 million (2009: € 582 million). We have been able to take significant steps to reduce claims handling expenses further. By centralizing claims handling for all general insurance companies, we can offer higher quality against lower costs. Through this we are also better positioned to apply the best practices on claims handling within Allianz Group optimally. In 2010 more measures were implemented to reduce the claims handling expenses related to external advice. The effects of these cost reductions will be visible in 2011.

(€ mln)	2010	2009	%
Premium income	910	916	(1)
Operating result	54	29	86
Profit before tax	**69**	**60**	**15**

Developments in the non-life market

Competitive environment

The rates for non-life insurance, in particular in motor, are under pressure throughout the market. After the financial crisis and the subsequent intervention by the government, the competitive environment has changed and there is also overcapacity in the market. In addition, new market relationships exist in the personal lines market, as some parties seem to place strong focus on premium income, regardless of the contribution to profitability. Price erosion is the consequence of this.

Allianz Nederland focuses on the profitability of the portfolio and has had to lose some premium income, in particular in the commercial market. On the other hand, the number of policies and the amount of property insured in our portfolio remained unchanged.

The technical results in the large corporate segment are developing satisfactorily, although the premium level is also under pressure there.

Results by class of business

(€ mln)	Total		Fire		Motor		Transport		Other Accident	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Gross premium	910	916	207	214	544	555	27	29	132	118
Premium earned	801	803	131	129	547	558	23	25	100	91
Payments	550	582	83	74	395	423	16	19	56	66
Company expenses	240	235	43	43	155	153	7	6	35	33
Technical result	**11**	**(14)**	**5**	**12**	**(3)**	**(18)**	**-**	**-**	**9**	**(8)**
Allocated investment income	34	37	4	4	21	24	1	1	8	8
Insurance result	**45**	**23**	**9**	**16**	**18**	**6**	**1**	**1**	**17**	**-**
Key figures										
Loss ratio	69%	73%	64%	57%	72%	76%	71%	78%	56%	72%
Expense ratio	30%	29%	33%	33%	28%	27%	28%	25%	35%	37%
Combined ratio	**99%**	**102%**	**97%**	**90%**	**100%**	**103%**	**99%**	**103%**	**91%**	**109%**

Distribution

In personal lines, we see that the position of underwriting agencies has expanded. Intermediaries who work with us remain the most important distribution partner for Allianz Nederland, in particular in the SME segment. In direct writing, both sales via our own website and via comparison sites are an important source for our direct writer, Allsecur.

Customer satisfaction

In 2010 increased flexibility for insureds in the handling of insurance policies was introduced throughout the industry. After the first year, customers can cancel a policy whenever they want. Allianz focusses on customer retention with adequate pricing and above-average service. The annual Top Down NPS research that we carry out ourselves, was excellent in both non-life and life. The account management of Allianz Nederland was judged the best by intermediaries. The NPS assessments which the insurers' association has carried out annually amongst private customers, shows a modest improvement for the industry as a whole.

Quality certificate for customer focussed insurance implemented in phases

Allianz Nederland decided initially that Allianz Nederland Levensverzekering and London Verzekeringen should apply for the quality certificate for customer focussed insurance. This certificate was created by the association of insurers in order to contribute to improving customer confidence in the insurance industry. Allianz Nederland regards the certificate as a minimum requirement which the customer might expect from our service. Our efforts are aimed at continuously improving service. The customer can expect the highest quality from our products, system and service. Allianz Nederland Schadeverzekering will be the next entity to apply for the certificate. We will decide at the beginning of 2011 the order in which the remaining business units will do this.

Our markets

Small and medium-sized enterprises

Regional organization, close to the intermediary

In September 2010, account management started working from four regional offices, close to the intermediary and the customer with combined life and non-life teams. The new model was presented in more detail during our annual SME congress. We gave the intermediaries with whom we work an impression of this new sales concept in workshops. In addition we gave similar workshops in the new regional offices. We can see the success of the sales concept in the increasing number of quotations. In order to increase the availability of our company, the Allianz SME website was launched in 2010.

Excellent development in income insurance

Allianz Inkomensverzekeringen is active in both the SME and corporate segments. Allianz Inkomensverzekeringen is developing in an exceptionally positive way in terms of both income and result. Total premiums written for income insurance practically doubled in 2010 when compared with 2009, which has led to a significant increase in market share. This is important for Allianz Nederland in order to achieve greater diversity in the non-life market.

With its individual products, Allianz Inkomensverzekeringen is directed at entrepreneurs and group schemes for employees. In the individual market our position strengthened considerably in 2010. Our products satisfy the needs of the entrepreneur and the intermediary and represents a good balance between price and quality. This means that the intermediary nearly always includes our proposition in their advice to the customer.
In group schemes, Allianz Inkomensverzekeringen has also shown strong growth. Amongst other things, we have benefited from the development that employers no longer insure the risks of long-term sick leave of employees with the state facility (UWV), but with private insurers. At the end of 2009 Allianz Inkomensverzekeringen was named best income insurer by IG&H.

Retail

London

In 2010 the London portfolio was analysed and a differential pricing policy was introduced. The focus lies on profitable customer groups who we want to come to us via an attractive offer. We recognise this customer-focussed policy in the improved results.
In 2010, after intensive preparations, a new version of LondonNet was launched for the intermediary. With this we offer a completely integrated system which can handle the whole process from quotation to policy in real time. This provides the intermediary with a significant improvement in efficiency, while also improving their service to customers.

At the same time as LondonNet was launched, London was certified as a non-life insurer under the customer focussed insurance certificate. Furthermore London was the first insurer to register on A-Plaza, an initiative of the intermediary organization, Adfiz, and two system houses in order to achieve more standard data exchange in the industry. In order to motivate the intermediary to use these possibilities, we offer a more attractive tariff to offices that use both A-Plaza and LondonNet.
At the start of 2010, London introduced two new motor policies to the market a Comfort and an Economy version, whereby the range of choices for the customer is greater. Customers can define which activities they want to arrange themselves and which ones they want us to handle.

Allsecur

Our direct writer Allsecur showed strong growth in 2010. Premiums written and the portfolio doubled in comparison with 2009. We predict that Allsecur will make a positive contribution to the group's results several years earlier than planned.

The customers appear to be extremely satisfied about the service and products which Allsecur offers. We achieve very good scores in the NPS research, which we carry out in all phases of the sales and service processes. We aim our questions about satisfaction in particular towards customers who are not satisfied about an aspect of our service, because they can influence the opinion about Allsecur. Our goal is for Allsecur to become the best internet insurance label in motor insurance.

On the comparison sites, Allsecur is already one of the best selling motor insurance labels after only two and a half years. An ever increasing number of customers is also able to find its way to Allsecur via search engines. From this it appears that name recognition is increasing. Advertising campaigns on television support this. A new campaign started in January 2011.
In order to continuously improve the visibility of Allsecur on the internet, we pay a lot of attention to internet marketing and web intelligence. The goal is to end as high as possible in a search. Allsecur 'listens' carefully to what is 'said' about it via the various social networks. It does this in order to remain alert to signals from customers and non-customers and to act on this immediately. Transparency is a basic principle for Allsecur. Therefore it offers comparison sites space on its own website. In this way the prospective customer can compare premiums and conditions with other providers.

In 2010 the product range was expanded to include passenger cover and roadside assistance via our associated company Mondial. Both products have been successful. In 2011 Allsecur wants to offer mobile applications for smart phones, with which customers can request all kinds of help quickly and simply.

In 2010 the integration of the motor insurance activities of Orion Direct and Allsecur started. In the middle of 2011 both companies will be merged and they will work from one location in Den Bosch. The Orion label will continue to exist for a limited number of products, mainly moped and bicycle insurances.

Large corporate

Certain sectors within the large corporate market are suffering from the economic recession; in particular the construction sector is feeling the consequences. Premium relating to building and infrastructure projects reduced greatly. Given the limited market share of this type of contracts, the effect for Allianz Nederland is limited. We see a greater effect of the poor economic situation in the large motor fleets. Companies are more price conscious and demand higher discounts.

The international accounts were transferred with effect from 1 November 2010 to a separate entity, Allianz Global Corporate & Specialty, where more international risk expertise is available. By combining forces beyond geographical borders, we are able to meet the needs of the large, international companies better. The effect on income in 2010 is still limited. In 2011 this transfer of accounts will lead to approximately € 85 million less premium income for Allianz Nederland Schadeverzekering.

Solvency

All insurance companies established in one of the European Union member states have to comply with a minimal solvency margin. At the end of the year of account the available and required regulatory solvency positions were as follows:

(€ mln)	2010	2009
Required solvency	153	154
Available solvency	313	323
Solvency ratio Property-Casualty insurance	205%	210%

Allianz Nederland Levensverzekering

The traditional individual life market, with products that are driven strongly by fiscal benefits, has shrunk in a short period. The financial crisis, the reduced customer confidence and the substantial decrease in the housing market are the most important reasons. Allianz Nederland Levensverzekering was also affected by these developments. Profit before tax of the life company increased by 16 % to € 43 million (2009: € 37 million). In the light of the difficult market conditions, the efforts of the life company were aimed at bringing expenses in line with the revenues. We want to generate premium income from a smaller but profitable range. This up-to-date range is in tune with customer demand, the new compensation method, transparent, balanced pricing and excellent conditions.
In line with the market developments we merged Universal Leven with Allianz Leven. In addition a lot of attention was paid in 2010 to the correct implementation of the Wabeke regulation. The plan is to inform policyholders who are entitled to compensation individually in the first quarter of 2011.

(€ mln)	2010	2009	%
Premium income	315	354	(11)
Operating result	48	53	(9)
Profit before tax	**43**	**37**	**16**

Embedded value

The embedded value of a life insurance company provides information about the value of the existing insurance portfolio and the value of new business. The calculation is based on prudent assumptions according to the Market Consistent Embedded Value (MCEV) principles.

(€ mln)	2010	2009
Net asset value	259	244
Present value future profit	317	322
Total cost required capital	(12)	(11)
Costs of non-financial risk	(17)	(39)
Value of options and guarantees	(10)	(10)
Embedded Value	**537**	**506**

Life insurance premiums

(€ mln)	2010			2009		
	One-time	Periodical	Total	One-time	Periodical	Total
Insurance agreements whereby the company carries the investment risk						
Capital insurances	-	3	3	12	3	15
Annuities	15	-	15	11	-	11
Mortgages	1	29	30	1	30	31
Term assurance	-	26	26	-	29	29
Other	-	1	1	-	1	1
	16	**59**	**75**	**24**	**63**	**87**
Insurance agreements whereby the parties insured carry the investment risk						
Unit-linked insurances	41	199	240	60	207	267
Gross premium	**57**	**258**	**315**	**84**	**270**	**354**
Reinsurance premiums ceded			11			12
Net earned premium			**304**			**342**

Developments in the life market

Commission transparency of financial products

Due to overcapacity, there is an enormous price war in the life market. Allianz Nederland aims for profitable growth and a good price/quality relationship and has not participated in the price war. We continue to aim for a sustainable relationship with intermediaries, employers and insureds.

Bonuses, such as extra commission related to premium income, were forbidden with effect from 1st January 2010. As a consequence, many service providers in the life and mortgage market who were primarily focussed on premium volume, disappeared. Allianz Leven was barely touched by this development. The intermediary, who works with us, is in general well prepared for the new remuneration system. Business models have been adjusted and the necessary cost reductions have been implemented. They have been able to anticipate the changes in the legal and supervisory environment with the help of Allianz Leven's programmes like De Wereld van Strax and Pure Life. We predicted this new situation already in 2007 and reacted by being the first financial services provider to launch a bank savings product, even before legislation was passed.

Our markets

Small and medium-sized businesses

Pension Lines

Allianz Leven has chosen a limited but profitable range of life products. In 2010 we launched Pension Lines, a customer friendly and transparent product which the intermediary can offer and manage completely online.

We predict that the financing of defined benefits arrangements will become increasingly difficult. Therefore we continue to devote ourselves completely to solutions for defined contribution. Firstly we direct ourselves at the SME market with pension products. In co-operation with our colleagues within Allianz Group (AllNet) we are also in a position to serve large multinationals or European SME organizations with our pension proposition.

A good result was that Allianz was named 'Best Pension Insurer 2010' by the Dutch insurance awards (an independent initiative by Finance 4 All). Still we are hampered by the disappointing economy which is affected by recession and in turn has an effect on the number of pension contracts. Existing pension contracts are expanded on a smaller scale and fewer new contracts are arranged.

Retail

Individual life and mortgages

As with the whole life market, Allianz Leven has been severely affected by a cautious approach from individuals. The income from individual life products reduced further for this reason. The pricing war in the category of annuity policies has definitely had an effect. Still we were able to retain our position in the individual life market. Here too we consciously aim for products with good yields and customer segments which lead to profitable growth. We see a clear shift in income from traditional life products to the bank savings products which we offer via our banking service provider Allianz Nederland Asset Management.

The income from term Life is below our expectations. We blame this on the poor housing market, where less mortgages with term assurance are sold and on a serious price competition.

The mortgage income increased significantly in the third quarter of 2010 after several poor years. Allianz has found a valuable partner in BNP Paribas with whom we have successfully launched an attractively priced bank saving and endowment mortgage on the market.

Solvency

At the end of the year of account the available and required solvency positions were as follows:

(€ mln)	2010	2009
Required solvency	129	129
Available solvency	232	229
Solvency ratio Life insurance	179%	177%

The comparative figures have been adjusted for comparison reasons.

Banking Products and Asset Management

Developments in the capital market

In 2010 the economic uncertainty within the European community was the most important central theme on the financial markets. The concerns about the budget deficits in Greece, Ireland, Spain and Portugal had the capital market in their grasp. European bail-out programmes placed a lot of pressure on the market, because these emergency funds were financed by countries which are confronted by serious debts themselves. Many (institutional) investors withdrew from government bonds in these weaker countries and invested part of their funds in the European core markets: German, French and Dutch government bonds. The interest on these may be lower, but so are the risks. Allianz Nederland has also made this choice and reduced its interests in Greece, Ireland, Spain and Portugal on time. We think that protecting the invested assets is more in the best interest of our customers and the shareholder, than achieving higher yield in the short term with risks that are too high.

The private investor is equally cautious and opts currently for security. The amount of savings increased considerably. In addition there is a lot of demand for guarantee products and/or deposits.

Despite the improved profitability of companies, the stock markets are reacting conservatively. The inflation risk and the uncertainty about the Eurozone will continue to hold the financial markets in their grasp in the coming period.

(€ mln)	2010	2009	%
Operating result	9	9	1
Profit before tax	**8**	**12**	**(33)**

Our markets

Asset management

In order to be able to anticipate the increasing demand for sustainable investments better, the Allianz Duurzaam Aandelenfonds and Allianz Holland Wereldfonds were merged per 1 October 2010 into the Allianz Duurzaam Wereld Fonds. This has the added advantage that the total expense ratio of this new sustainable fund has reduced for customers. The fund management is outsourced to RCM in London, part of Allianz Global Investors. The sustainable investment policy is published in the prospectus and in the annual report of the fund.

For Allianz Nederland as an insurer it also becomes ever more important to invest sustainably because insureds demand it. Allianz wants to apply the Environmental, Social and Governance criteria (ESG) also to its own investments. In particular, the exclusion policy, with which we make transparent in which industries we do not want to invest, is relevant to this. This policy will be formalised in 2011. Allianz can refer to the wide expertise in sustainable investment within Allianz Group for further support regarding sustainable investment policy and the ESG analyses. Allianz has participated in the Responsible Investment benchmark by Insurance Companies in The Netherlands organized by the association of investers in sustainable development (Vereniging van Beleggers voor Duurzame Ontwikkeling).

Most of the Allianz funds have performed well against the benchmark. The Allianz Holland Selectie Fund, Allianz Holland Europe Fund, Allianz Holland Pacific Fund and Allianz Holland Obligatie fund have shown very strong performance. The Allianz Holland Fund that showed a strong performance in 2009, performed slightly below the benchmark this year. On average our most important funds were awarded four Morningstar stars. Allianz Nederland Asset Management works closely with Allianz Global Investors (AGI) at various levels. The co-operation led to a positive result in 2010. Together we won the European tender for the fiduciary mandate to manage the assets worth more than € 3 billion of the UWV. This management is vested in a specially established branch office of AGI in The Netherlands. Total assets under management have increased to more than €6 billion in 2010.

Banking products

Allianz Plus

Some years ago, Allianz Nederland Asset Management was the first company to offer the bank saving product, Allianz Plus, to the market. With this we offer the individual a good, safe alternative for pension savings or mortgage repayment. In the meantime we see that this product is interesting to intermediaries who offer it on behalf of Allianz to the market. Intermediary satisfaction about Allianz Plus is generally good. They have asked us to accelerate and simplify the digital processing of new accounts. The popularity of bank savings has increased for the customer and we see this translated into an increasing number of new customers. In particular the combination with a new mortgage proposition from the life company has been successful.

Allianz Pro savings and investment account

Allianz Nederland Asset Management has attracted successfully new savers for the Allianz Pro savings account. The amount saved in the Allianz Pro account increased significantly in 2010, to € 100 million.

Solvency

By virtue of the current guidelines (Basel II) of De Nederlandsche Bank N.V. demands are set about the amount of capital. The bank's capital is compared with funds lent. These funds are weighed according to the attached risk. Against the general standard for the capacity test of 8%, the Bis ratio of the bank (46%) is very high.

At the end of the financial year the existing and required solvency for Allianz Nederland Asset Management were as follows:

(€ 1,000)	2010	2009
Testing capacity	46,8	34,7
Assets based on risk level	7,4	6,7
Solvency ratio (BIS - ratio)	46%	42%

Compliance

In 2010 Allianz Nederland Asset Management implemented the (Dutch) banking code. The banking code focuses in particular on the role of the bank's management and supervisory boards and on the function of risk management and auditing in banks. The banking code also contains renumeration principles. Allianz Nederland Asset Management will report in its annual report regarding the manner in which Allianz Nederland Asset Management has applied the principles of the banking code. This report will be placed on the website (www.allianz.nl).

Outlook

For the last two years, Allianz Nederland has been working hard on setting up an efficient, stable and customer-focussed organization with a healthy expense base. The reorganization and the office move to Rotterdam provide all kinds of new impulses and opportunities. Allianz Nederland is now better placed to go with the flow of developments. This is necessary given the situation in which our industry and the ever uncertain financial markets find themselves.

Demand-based range

In order to respond better to the needs of the customer we have modernized the product range for non-life and life Insurance and asset management and aligned this with current demand. In addition, the accessibility of the company has been improved so that the customer can choose himself how and where to arrange his affairs: via their intermediary or broker or via direct writing. We have a fixed group of intermediaries with whom we have built up an excellent relationship. With them we are going to implement the choices which we have made and allow customers to experience what the Allianz brand means.

Growth, together with the intermediary

The most important phase, which we are now in as a company, is growth. This is definitely a challenge in the mature market where there is tension in the traditional distribution channels. Still we remain faithful to the intermediary, with whom we have grown strong. This is where our roots lie. In recent years, we have prepared the intermediary actively for the changes which have now become reality. We shall support the intermediary professionally in their choices in future by increasing the accessibility of the company and sharing our knowledge with them. We shall think together about the most efficient way to work and about who should be responsible for which parts of the process. We must make these choices more consciously, because they will ultimately have an effect on the expenses which the customer wants to accept.

Own direction

In addition we are completely clear about our own direction. We will continue to offer most of our products in all segments of the non-life market through intermediaries. In life we are going to concentrate mainly on pensions together with the intermediary. We shall make retail products simple and transparent and where possible, we shall offer these directly. From Allsecur's success, it appears that customers feel comfortable with us. We want to develop this part of our company further.
In all of the foregoing, our focus lies with the question of how we can improve our service to our customers, our intermediaries and our employees. We are aware that we must prove to them every day that we can only be successful together. In 2010, Allianz had to pay a lot of attention to the market developments and the consequences of the financial crisis. With our new organization, we have become even more efficient and capable. We are now ready to realize our ambitions in 2011 and the following years.

Financial Statements 2010 Allianz Nederland Groep

Consolidated Financial Statements

- Consolidated statement of financial position
- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated statement of changes in shareholders' equity
- Consolidated cash flow statement

Notes to the Consolidated Financial Statements

1 Consolidation principles
2 Summary of significant accounting and valuation policies

Notes to the Consolidated Statement of Financial Position - Assets

3 Cash and cash equivalents
4 Financial assets carried at fair value through income
5 Investments
6 Investments in associated enterprises
7 Loans and advances to banks
8 Amounts ceded to reinsurers from insurance provisions
9 Deferred acquisition costs
10 Other assets
11 Intangible assets

Notes to the Consolidated Statement of Financial Position - Equity and Liabilities

12 Shareholders' equity
13 Liabilities carried at fair value through income
14 Liabilities to financial institutions
15 Liabilities to customers
16 Financial liabilities for unit-linked contracts
17 Insurance provisions
18 Other provisions
19 Other liabilities

Notes to the Group's Consolidated Income Statement

20 Premiums earned (net)
21 Interest, dividend and similar income
22 Other income from investments
23 Fee and commission income (net)
24 Other income
25 Insurance benefits (net)
26 Interest and similar expenses
27 Impairments of investments
28 Movement in financial assets and liabilities carried at fair value through income (net)
29 Acquisition costs and administrative expenses
30 Restructuring charges
31 Other expenses
32 Taxes
33 Risk management
34 Derivative financial instruments
35 Fair value
36 Contingent liabilities, commitments and guarantees
37 Employee information
38 Share based compensation plans and management compensation
39 Related parties transactions
40 Auditor's fees

Corporate Financial Statements

41 Notes to the corporate financial statements
42 Statutory statement of financial position
43 Statutory income statement
44 Notes to the statutory statement of financial position
45 Notes to the statutory income statement

Other information

46 Subsequent events
47 Auditor's Report
48 Consolidated subsidiaries
49 Appropriation of result

Consolidated statement of financial position as of December 31

ASSETS	Note	2010 € 1,000	2009 € 1,000
Cash and cash equivalents	3	72,768	59,197
Financial assets carried at fair value through income	4	522,753	515,069
Investments: available for sale	5	2,193,579	2,224,044
Investments: held to maturity	5	674,947	638,751
Investments in associated enterprises	6	1,996	664
Loans and advances to banks	7	327,862	16,664
Financial assets for unit-linked contracts	16	3,202,117	3,056,876
Amounts ceded to reinsurers from insurance provisions	8	154,134	187,161
Deferred acquisition costs	9	84,871	96,673
Deferred tax assets	32	937	1,261
Other assets	10	311,968	258,316
Intangible assets	11	12,204	14,974
Total assets		7,560,136	7,069,650

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2010 € 1,000	2009 € 1,000
Financial liabilities carried at fair value through income	13	509,661	497,605
Liabilities to financial institutions	14	266,692	11,820
Liabilities to customers	15	313,091	214,206
Financial liabilities for unit-linked contracts	16	3,202,117	3,056,915
Insurance provisions	17	2,362,274	2,373,954
Deferred tax liabilities	32	6,070	14,110
Other provisions	18	54,731	44,462
Other liabilities	19	181,257	191,609
Total liabilities		6,895,893	6,404,681
Shareholders' equity	12	664,243	664,969
Total equity and liabilities		7,560,136	7,069,650

Before appropriation of result

Consolidated income statement January 1 to December 31

	Note	2010 € 1,000	2009 € 1,000
Premiums written		1,225,064	1,270,229
Ceded premiums written		(136,223)	(135,701)
Change in unearned premiums (net)		16,001	10,469
Premiums earned (net)	20	1,104,842	1,144,997
Interest, dividend and similar income	21	127,148	124,959
Other income from investments	22	39,498	84,552
Fee and commission income (net)	23	34,137	30,092
Other income	24	37,183	30,930
Total income		**1,342,808**	**1,415,530**
Claims and insurance benefits incurred (gross)		(917,920)	(951,014)
Claims and insurance benefits incurred (ceded)		59,427	51,998
Change in reserves (net)		20,577	1,766
Insurance benefits (net)	25	(837,916)	(897,250)
Interest and similar expenses	26	(1,586)	(2,051)
Impairments of investments	27	(7,466)	(23,298)
Movement in financial assets and liabilities carried at fair value through income (net)	28	(5,200)	(14,302)
Acquisition costs and administrative expenses	29	(306,811)	(301,962)
Reorganization expenses	30	(26,800)	(2,213)
Other expenses	31	(37,037)	(41,456)
Total expenses		**(1,222,816)**	**(1,282,532)**
Income before taxes		119,992	132,998
Taxes	32	(30,140)	(35,388)
Net income [1]		**89,852**	**97,610**

1. There is no minority interest to which the result of period under review can be ascribed.

Consolidated statement of comprehensive income

	2010 € 1,000	2009 € 1,000
Net income	89,852	97,610
Unrealised results charged to equity		
Revaluation available for sale investments	18,286	44,542
Changes in current / deferred tax assets and liabilities	(23,864)	(45,634)
Total unrealised results charged to equity	(5,578)	(1,092)
Total comprehensive income	84,274	96,518

Consolidated statement of changes in shareholders' equity

	Paid-in capital	Share premium	Revenue reserves	Unrealized gains and losses	Net income	Shareholders equity
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Balance as of 31/12/2008	**59,813**	**76,667**	**404,287**	**23,580**	**84,104**	**648,451**
Reclassification	-	-	(36,635)	36,635	-	-
Balance as of 01/01/2009	**59,813**	**76,667**	**367,652**	**60,215**	**84,104**	**648,451**
Unrealized investment gains and losses	-	-	-	(1,092)	-	(1,092)
Net income	-	-	-	-	97,610	97,610
Transfer profit previous yars to reserves	-	-	84,104	-	(84,104)	-
Shareholders' dividend	-	-	(80,000)	-	-	(80,000)
Balance as of 31/12/2009	**59,813**	**76,667**	**371,756**	**59,123**	**97,610**	**664,969**
Unrealized investment gains and losses	-	-	-	(5,578)	-	(5,578)
Net income	-	-	-	-	89,852	89,852
Transfer profit previous yars to reserves	-	-	97,610	-	(97,610)	-
Shareholders' dividend	-	-	(85,000)	-	-	(85,000)
Balance as of 31/12/2010	**59,813**	**76,667**	**384,366**	**53,545**	**89,852**	**664,243**

The reclassification per January 1st 2009 concerns an adjustment for realised/ unrealised gains related to intercompany transactions.

There is no minority interest to which shareholders' equity of period under review can be ascribed.

Consolidated cash flow statement

	2010 € 1,000	2009 € 1,000
Operating activities		
Net income	89,852	97,610
Change in provision for unearned premiums	(16,000)	(10,468)
Change in aggregate policy provision	57,103	136,053
Change in provision for loss and loss adjustment expenses	(19,756)	3,267
Change in deferred acquisition costs	11,802	11,789
Change in accounts receivable/payable on reinsurance business	1,966	14,655
Change in trading securities[1]	4,372	6,769
Change in liabilities to banks and customers	93,875	48,329
Change in other receivables and liabilities	(5,001)	141,690
Change in deferred tax assets/liabilities[2]	(66,624)	(1,000)
Non-cash investment income/expenses	6,326	19,980
Other non-cash income/expenses	18,513	(33,328)
Other	(1,548)	(5,958)
Net cash flow provided by operating activities	**174,880**	**429,388**
Investing activities		
Change in securities available-for-sale	12,574	(374,029)
Change in securities held-to-maturity	(36,196)	(25,232)
Change investments in associated enterprises	(1,332)	(362)
Change in loans and advances to banks	(51,316)	382
Net cash flow provided by investing activities	(76,270)	(399,241)
Financing activities		
Change in investments held on account and at risk of life insurance policyholders	(145,241)	(283,828)
Change in Insurance provision for life insurance where investment risk is carried by policyholders	145,202	286,214
Dividend payouts	(85,000)	(80,000)
Net cash flow provided by financing activities	**(85,039)**	**(77,614)**
Change in cash and cash equivalents	13,571	(47,467)
Cash and cash equivalents at beginning of period	59,197	106,664
Cash and cash equivalents at end of period	**72,768**	**59,197**

1 Including trading liabilities.

2 Without change in deferred tax assets/liabilities from unrealized investment gains and losses.

Notes to the Consolidated Financial Statements

1 Consolidation principles

The consolidated financial statements have been prepared by management in conformity with International Financial Reporting Standards as adopted by the European Union (IFRS-EU). Furthermore, the consolidated financial statements have been prepared in accordance with Book 2, Chapter 9 of The Netherlands Civil Code (BW), where these regulations precede and/ or complement IFRS-EU. All standards currently in force for the years under review have been adopted in the consolidated financial statements, except for IFRS 8 which standard is only applicable for listed companies.

The consolidated financial statements of Allianz Nederland Groep have been prepared in thousands of euro's (€).

Group relationships

Allianz Nederland Groep N.V. is legally registered at Coolsingel 139, Rotterdam. The issued shares in Allianz Nederland Groep N.V. are all held by Allianz France International SA, a subsidiary of Allianz France SA in France. Allianz SE in Germany is the 100% shareholder in Allianz France SA. The financial data of Allianz Nederland Groep N.V. have been included in the consolidated annual report and accounts of Allianz France SA in Paris and Allianz SE in Munich.

The consolidated financial statements include the annual financial statements of Allianz Nederland Groep N.V., domiciled in The Netherlands, and all subsidiaries and investment funds. The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

Subsidiaries

Subsidiaries are those entities controlled by Allianz Nederland Groep. Control exists when Allianz Nederland Groep has the power, directly or indirectly, to govern the financial and operating policies of an entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Positive differences arising on first-time consolidation are capitalized as goodwill.

Investments in associated enterprises and joint ventures

Associated enterprises are enterprises in which the Allianz Nederland Groep holds directly or indirectly at least 20% but no more than 50% of the voting rights, or in which Allianz Nederland Groep exercises a significant influence in another way, without having control.

A joint venture is an entity over which Allianz Nederland Groep and one ore more other parties have joint control. Investments in associated enterprises and joint ventures are generally accounted for using the equity method. Income from investments in associated enterprises and joint ventures is included as a separate component of total income.

Transactions eliminated on consolidation

Intra-group balances and other unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Use of estimates and assumptions

The preparation of consolidated financial statements requires Allianz Nederland Groep to make estimates and assumptions that affect items reported in the consolidated balance sheet and income statement and under contingent liabilities. The estimates are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The actual results may differ from these estimates. The most significant accounting estimates are associated with the reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts, fair value and impairments of financial instruments, goodwill, deferred acquisition costs, deferred taxes and reserves for pensions and similar obligations.

Foreign currency translation

Allianz Nederland Groep's reporting and functional currency is the euro (€). Income and expenses are translated at the rate per transaction date. The assets and liabilities in foreign currency are translated at the closing rate on the balance sheet date. Currency gains and losses arising from foreign currency transactions are reported in other income or other expenses respectively.

2 Summary of significant accounting and valuation policies

Supplementary information on assets

Cash and cash equivalents

Cash and cash equivalents include balances with banks payable on demand, balances with central banks, checks and cash on hand, treasury bills (to the extent that they are not included in trading assets), and bills of exchange which are eligible for refinancing at central banks, subject to a maximum term of six months from the date of acquisition. Cash funds are stated at their face value, with holdings in foreign notes and coins valued at year-end closing prices.

Financial assets carried at fair value through income

These financial assets are measured at fair value. Changes in fair value are recorded in the consolidated income statement as income from financial assets and liabilities carried at fair value through income (net).

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The fair value of interest rate swaps is the estimated amount that Allianz Nederland Groep would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counter parties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Investments

Investments include securities held-to-maturity and securities available-for-sale. Securities held-to-maturity are comprised of fixed income securities of which Allianz Nederland Groep has the positive intent and ability to hold to maturity. These securities are carried at amortized cost and the related premium or discount is amortized using the effective interest rate method over the life of the security. Amortization of premium or discount is included in interest income. Securities available-for-sale are securities that are not classified as held-to-maturity or financial assets carried at fair value through income. Securities available-for-sale are valued at fair value at the balance sheet date. Unrealized gains and losses, which are the difference between fair value and cost (amortized cost in the case of fixed income securities), are included as a separate component of shareholders' equity, net of deferred taxes. The realized result on securities is determined by applying the average cost method. Fixed income securities and equity investments are subject to regular impairment reviews.

Impairment of financial assets

Held-to-maturity and available-for-sale debt securities are impaired if there is objective evidence that the cost may not be recovered. If all amounts due according to the contractual terms of the security are not considered collectible, typically due to deterioration in the creditworthiness of the issuer, the security is considered to be impaired. An impairment is not recorded as a result of declines in fair value resulting from general market interest or exchange rate movements unless Allianz Nederland Groep intends to dispose of the security. If there is objective evidence that the cost may not be recovered, an available-for-sale equity security is considered to be impaired. Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below cost. In a subsequent period,if the amount of the impairment previously recorded on a debt security decreases and the decrease can be objectively related to an event occurring after the impairment, such as an improvement in the debtor's credit rating, the impairment is reversed through other income from investments.

An available-for-sale equity security is considered impaired if the fair value is below the weighted-average cost by more than 20% or if the fair value is below the weighted-average cost for greater than nine months. This policy is applied individually by all subsidiaries. If an available-for-sale equity security is impaired based upon Allianz Nederland Groep's qualitative or quantitative impairment criteria, any further declines in the fair value at subsequent reporting dates are recognized as impairments. Therefore, at each reporting period, for an equity security that is determined to be impaired based upon Allianz Group's impairment criteria, an impairment is recognized for the difference between the fair value and the original cost basis, less any previously recognized impairments. Reversals of impairments of available-for-sale- equity securities are not recorded through the income statement.

Loans and advances to banks

Investments lent under securities lending arrangements continue to be recognized in the Balance Sheet and are measured in accordance with the accounting policy for assets 'At fair value through income statement' or 'Available-for-sale' as appropriate. Received cash collateral is recognized under 'Liabilities to financial institutions'. The reinvested cash collateral is recognized under 'Loans and advances to banks'. Income and expenses arising from the securities borrowing and lending business are recognized on an accrual basis over the period of the transactions and are included in interest income or expense.

Reinsurance

Only contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance. Amounts recoverable under such contracts are recognized in the same period as the related claim. Accordingly, revenues and expenses related to reinsurance agreements are recognized consistent with the underlying risk of the business reinsured.

Deferred acquisition costs

Deferred acquisition costs related to Life business generally consist of commissions which are directly related to the acquisition of new insurance contracts. These acquisition costs are deferred, to the extent they are recoverable and are amortized based on policy revenues which differ per product. In the case of property-casualty insurance contracts, the amortization period is calculated for each insurance portfolio, based on the average term of the relevant policies. All deferred policy acquisition costs are reviewed regularly to determine if they are recoverable from future operations. Deferred policy acquisition costs which are not deemed to be recoverable are charged to income.

Other assets

Other assets include equipment, receivables, cash and cash equivalents, real estate owned by Allianz Nederland and used for its own activities, deferred acquisition costs and prepaid expenses.

Equipment is carried at cost, less accumulated depreciation and impairments. Depreciation is generally computed using the straight-line method over the estimated useful lives of the assets, taking into account the residual value. The estimated useful life of equipment including information technology equipment is five years. Expenditures to restore the future economic benefit are capitalized if they extend the useful life as improvements. Costs for repairs and maintenance are expensed.

Receivables are recorded at face value, net of appropriate valuation allowances.

Real estate owned by Allianz Nederland and used for its own activities is carried at cost less accumulated depreciation and impairments. The capitalized cost of buildings is calculated on the basis of acquisition cost and depreciated over a maximum of 40 years in accordance with their expected useful lives. There is no amortization on the land. Expenditures to restore the future economic benefit are capitalized if they extend the useful lives as improvements. Costs for repairs and maintenance are expensed. An impairment loss is recognized when the recoverable amount of these assets is less than their carrying amount.

Intangible assets

Goodwill represents the difference between the acquisition cost and Allianz Nederland Groep's proportionate share of the net fair value of assets, liabilities and certain contingent liabilities. Goodwill is not subject to amortization. Allianz conducts an annual impairment test, in addition to whenever there is an indication that goodwill is not recoverable. The impairment test includes comparing the recoverable amount to the carrying amount, including the goodwill, for all cash generating units. A cash generating unit is not impaired if the carrying amount is greater than the recoverable amount. The impairment of a cash generating unit is equal to the difference between the carrying amount and the recoverable amount. Impairments of goodwill are not reversed.

Software purchased from third parties or developed internally is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates and is amortized over its useful life on a straight-line basis generally over five years.

Other intangible assets represent intangible assets with a definite useful life which are amortized over their useful lives and are subsequently recorded at cost less accumulated amortization and impairments.

Supplementary information on equity and liabilities

Liabilities to financial institutions and customers

Interest-bearing liabilities are accounted for at their nominal value. Where liabilities are subject to a discount, such discounts are reported as prepaid expenses and amortized over the life of the respective liabilities, using the effective yield method.

Insurance provisions

Classification of contracts

Contracts under which Allianz Nederland accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or another beneficiary, are classified as insurance contracts. Contracts under which the transfer of insurance risk to Allianz Nederland Groep from the policyholder is not significant, are classified as investment contracts. Allianz Nederland Groep issues contracts to policyholders that contain both insurance and an investment component. If the investment component cannot be measured separately, the whole contract is accounted for as an insurance contract. A contract that qualifies as insurance remains an insurance contract until all risks and obligations are extinguished or expired.

Unearned premiums provision

Gross premiums written is earned over the period to which the risk coverage is related and is calculated on a pro rata temporis basis. Outward reinsurance premium is incurred over the same period and in the same manner as when the gross premium written associated with the reinsured contracts is earned. The unearned premiums provision comprise that portion of net premiums written at the balance sheet date which are expected to be earned in subsequent financial years.

Outstanding claims provisions

Outstanding claims provisions represent the estimated ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not, and related internal and external claims handling expenses and an appropriate prudential margin. Outstanding claims are assessed by reviewing individual claims and making allowance for claims incurred but not yet reported (IBNR), the effect of both internal and external foreseeable events, such as changes in claims handling procedures, inflation, judicial trends, legislative changes, past experience and trends. Provisions for outstanding are not discounted. Anticipated reinsurance recoveries and estimates of salvage and subrogation recoveries, are disclosed separately as assets. Salvage and subrogation are only accounted for if it is virtually certain that the value will be recovered.

Unexpired risk provision

Provision is made, should there be demonstrable commitment to a loss-making contract where Allianz Nederland has entered into multiple year contracts and has a limited ability to change the premium on the contract for future periods. The provision is then calculated with reference to classes of business which are managed together, after taking into account estimates of future claims, costs, premium earned and proportionate investment income where such contracts will continue subsequent to the balance sheet date.

Long duration insurance contracts provision

The long duration insurance contracts provision principally comprises the actuarially estimated value of Allianz Nederland's liabilities under non-linked contracts, including bonuses already declared and after deducting the actuarial value of future premiums. In particular a net premium valuation method has been adopted for all major classes of business. Although the management considers that the gross long duration insurance contracts provision and the related reinsurance recovery is fairly stated on the basis of the information currently available, the eventual liability may vary as a result of subsequent information and events. The provision, estimation technique and assumptions are periodically reviewed with any changes in estimates reflected in the income statement as they occur. Furthermore a provision for claims resulting from Wabeke has been included in this provision.

Liability adequacy test

Allianz Nederland Groep performs a loss adequacy test on its insurance liabilities to ensure that the carrying amount of its liabilities (less related deferred acquisition costs) is sufficient in the light of estimated future cash flows.

Allianz performs this liability adequacy test on a portfolio basis for homogeneous product groups, based on the characteristics and policy conditions of the products. This test compares the carrying amount of liabilities with the present value of all contractual cash flows. The calculation of the future cash flows is based on realistic scenarios. The calculation of the present value of the expected cash flows is based on the interest rate structure of the Dutch government bonds per year end. This present value is increased with a risk surcharge for risk which cannot be covered in a market. If a shortfall is identifieds the related deferred acquisition cost and intangible assets are written down and, if necessary, an additional provision is established. The deficiency is recognized through income for the year.

Investment contracts
Investment contracts have been classified as financial liabilities at fair value through income. The revenue arising from these contracts (front-end fees, surrender penalties and annual management charges) is recorded in the revenue from investment management contract lines.

Unit-linked products
The insurance liabilities for unit-linked products where the policyholder bears the investment risk are accounted for at the fair value of the associated investments and presented as financial liabilities carried at fair value through income. Premiums are accounted for when the liability is recognized and exclude any taxes or duties based on premiums.

Deferred taxes
The calculation of deferred taxes is based on temporary differences between the carrying values of assets and liabilities in the balance sheet and their tax values and on differences arising from the application of uniform valuation policies for consolidation purposes as well as consolidation in the income statement. The tax rate used for the calculation of deferred taxes is the local rate per reporting date; changes to tax rates already adopted as at balance sheet date are taken into account. Deferred tax assets are recognized if sufficient future taxable income is available for realization. Deferred tax assets and liabilities are not discounted.

Other accrued liabilities
Other accrued liabilities are long-term obligations calculated on basis of estimation of future cash flows.

Employee benefits
Allianz Nederland uses the projected unit credit actuarial method to determine the present value of its defined benefit plans and the related service cost. The principal assumptions used are included in Note 18. For each individual defined benefit pension plan, Allianz Nederland Groep recognizes a portion of its actuarial gains and losses in income or expense if the unrecognized actuarial net gain or loss at the end of the previous reporting period exceeds the greater of a) 10% of the projected benefit obligation at that date or b) 10% of the fair value of any plan assets at that date. Any unrecognized actuarial net gain or loss exceeding the greater of these two values is generally recognized in net periodic benefit cost in the consolidated income statement over the expected average remaining working lives of the employees participating in the plans.

Accrued taxes
The expected tax payable on the taxable profit, calculated in accordance with local tax laws and regulations.

Provisions for restructuring
A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Other liabilities
Other liabilities include funds held under reinsurance business ceded, accounts payable on direct insurance business, accounts payable on reinsurance business and miscellaneous liabilities. These are reported at the redemption value.

Shareholders' equity
Paid-up capital
Paid-in capital represents the mathematical value per share received from the issuance of shares.

Share premium
Share premium represents the premium, or additional paid-in capital, received from the issuance of shares.

Revenue reserves
Revenue reserves include the retained earnings of Allianz Nederland Groep.

Revaluation reserve
Revaluation reserve includes the unrealized gains and losses from securities available-for-sale.

Supplementary information on net income

Property-Casualty insurance
Premiums are accounted for on a due basis. Should the amount due not be known, estimates are used.

Life insurance
Premiums are accounted for on a due basis. Should the amount due not be known, estimates are used. For unit-linked business the due date for payment is taken as the date the related liability was established. Revenues for unit-linked insurance contracts include the amount that is invested for account of the policyholder.

Interest, dividend and other income from investments

Interest, dividend and other income from investments comprise interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit and loss account on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Income from investments in associated enterprises

The income from investments in associated enterprises consists of the share of the group in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between the group and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves are not recognised as they can be deemed as not realised.

The results of participating interests acquired or sold during the financial year are stated in the group result from the date of acquisition or until the date of sale respectively.

Taxes

Taxes comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Investment contracts income

Amounts received from and paid to holders of investment contracts are accounted for as deposits received (or repaid) and are not included in premiums and claims in the profit and loss account. Revenues from such contracts consist of amounts assessed against policyholders account balances for policy administration and surrender charged and are recognized in the period in which services are provided.

Fee and commission income

Allianz Nederland receives fees from transactions in connection with assets and liabilities held by Allianz Nederland in its own name, but for the account of third parties. These are shown as 'Fee and commission income' in the income statement. Investment advisory fees are recognized as the services are performed. Such fees are primarily based on percentages of the market value of the assets under management.

Other supplementary information

Consolidated statement of cash flows

The consolidated statement of cash flows, prepared according to the indirect method, shows the structure of and changes in cash and cash equivalents of Allianz Nederland Groep during the financial year from the cash flows arising from operating activities, investing activities and financing activities. The cash flows from investing activities primarily comprise changes in investment securities (such as securities available-for-sale or held-to-maturity). Financing activities include all cash flows from transactions involving the issuing of own shares, participation certificates and subordinated liabilities. Cash flows from operating activities contain all other activities, which belong to the principal revenue-generating activities.

Leases

Property and equipment holdings are used by Allianz Nederland under operating leases, whereby the risks and benefits relating to ownership of the assets remain with the lessor, and are not recorded on Allianz Nederland's consolidated balance sheet. Payments made under operating leases to the lessor are charged to administrative expenses using the straight-line method over the period of the lease. When an operating lease is terminated before the lease period has expired, any penalty is recognized in full as an expense at the time when such termination takes place.

Equity remuneration plans

The equity remuneration plans are cash settled plans. Allianz Nederland accrues the fair value of the award as compensation expense over the vesting period. In Note 38 further information on the equity remunerations plans is provided.

Recently adopted accounting pronouncements (effective January 1, 2010 and early adoption)

The Group applies the revised accounting pronouncement for Eligible Hedged Items – Amendment to IAS 39 Financial Instruments: Recognition and Measurement, which clarifies the existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The impact of this amendment, in the Group's 2010 consolidated financial statements is not significant.

Recently issued accounting pronouncements (effective on or after January 1, 2011 and not yet early adopted)

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these consolidated financial statements. None of these will have an effect on the consolidated financial statements of the Group, except for IFRIC 14 amandment "Prepayments of a Minimum Funding Requirement". IFRIC 14 currently states that a surplus in a plan – whether created by a prepayment or otherwise – is not regarded as an economic benefit available as a reduction in future contributions if the future minimum funding contribution required in respect of future accrual of benefits exceeds the future IAS 19 service cost. Therefore, under current IFRIC 14 (and if the entity does not have an unconditional right to a refund of surplus) a prepayment would be recognised as an expense.

Under the amended IFRIC 14 such a prepayment would be recognised as an asset, on the basis that the entity has a future economic benefit from the prepayment in the form of reduced cash outflows in future years in which MFR payments would otherwise be required.

Notes to the Consolidated Statement of Financial Position - Assets

3 Cash and cash equivalents

	2010 € 1,000	2009 € 1,000
Balances with banks payable on demand	65,273	52,657
Deposits/call money	1,002	2,950
Balances with central bank	6,485	3,582
Cash on hand	8	8
Total	**72,768**	**59,197**

The effective interest rate on deposits/call money at the statement of financial position date is 0.6% (2009: 0.7%). The deposits/call money matures within three months.

4 Financial assets carried at fair value through income

This item comprises mainly financial assets in investment funds. Group entities keep these investments separate from other investments and invest them separately, in accordance with the requests of the policyholders and third party investors. Investments are held on account for and at risk of life insurance policyholders and third party investors. Policyholders and third party investors are entitled to all the results recorded and to the total amount of the investments shown under this heading, but they also have to carry any losses.

	2010 € 1,000	2009 € 1,000
Financial assets in investment funds	509,661	497,539
Financial assets held for trading	13,092	17,530
Total	**522,753**	**515,069**

Financial assets held for trading

	Derivatives	Other trading	Total
	€ 1,000	€ 1,000	€ 1,000
Value stated as of 12/31/2008	**22,968**	**1,265**	**24,233**
Purchases	-	295	295
Sales	(61)	(235)	(296)
Revaluation	(7,195)	493	(6,702)
Value stated as of 12/31/2009	**15,712**	**1,818**	**17,530**
Purchases	-	839	839
Sales	-	(155)	(155)
Revaluation	(5,096)	(26)	(5,122)
Value stated as of 12/31/2010	**10,616**	**2,476**	**13,092**

The positive market values of derivative financial instruments are shown on a net basis, i.e. taking into account existing netting agreements. Further details regarding the derivatives position can be found in Note 34.

5 Investments

	2010 € 1,000	2009 € 1,000
Securities available-for-sale	2,193,579	2,224,044
Securities held-to-maturity	674,947	638,751
Total	**2,868,526**	**2,862,795**

The total amount of securities held-to-maturity € 674,947 (2009: € 638,751) is related to mortgages. The securities held-to-maturity are 100% linked to obligations to policyholders included in long duration life insurance contracts.

Securities available-for-sale

	Equity securities	Investment Funds	Government bonds	Corporate bonds	Government loans	Corporate loans	Total
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Value stated as of 12/31/2008	**181,378**	**58,930**	**1,166,792**	**370,807**	**43,713**	**28,365**	**1,849,985**
Purchases	100,186	501,431	236,674	618,252	17,115	(15,913)	1,457,745
Sales	(165,529)	(498,890)	(1,812)	(417,440)	-	(45)	(1,083,716)
Impairment	(15,609)	(7,689)	-	-	-	-	(23,298)
Amortization	-	-	(1,962)	230	4,051	999	3,318
Revaluation	1,648	13,379	(12,311)	12,837	2,789	1,668	20,010
Value stated as of 12/31/2009	**102,074**	**67,161**	**1,387,381**	**584,686**	**67,668**	**15,074**	**2,224,044**
Purchases	175,020	437,264	739,729	321,865	749	453	1,675,080
Sales	(129,710)	(435,812)	(846,476)	(275,611)	-	(45)	(1,687,654)
Impairment	(6,279)	(1,187)	-	-	-	-	(7,466)
Amortization	-	-	(2,982)	(1,424)	4,549	997	1,140
Revaluation	(4,733)	(1,300)	2,869	(4,803)	(3,655)	57	(11,565)
Value stated as of 12/31/2010	**136,372**	**66,126**	**1,280,521**	**624,713**	**69,311**	**16,536**	**2,193,579**

Investment funds categories

	2010 € 1,000	2009 € 1,000
Equity securities	6,479	13,512
Bonds	37,715	45,125
Real Estate	21,932	8,524
Total	**66,126**	**67,161**

	(Amortized) cost		Unrealized gains		Unrealized losses		Market values	
	2010 € 1,000	2009 € 1,000	2010 € 1,000	2009 € 1,000	2010 € 1,000	2009 € 1,000	2010 € 1,000	2009 € 1,000
Equity securities	116,607	77,576	20,624	25,013	(859)	(515)	136,372	102,074
Investment funds	57,149	56,884	8,998	10,287	(21)	(10)	66,126	67,161
Government bonds	1,253,031	1,362,760	36,635	26,481	(9,145)	(1,860)	1,280,521	1,387,381
Corporate bonds	615,466	570,636	14,578	16,910	(5,331)	(2,860)	624,713	584,686
Government loans	66,127	60,829	3,184	6,839	-	-	69,311	67,668
Corporate loans	13,999	12,594	2,537	2,480	-	-	16,536	15,074
Total	**2,122,379**	**2,141,279**	**86,556**	**88,010**	**(15,356)**	**(5,245)**	**2,193,579**	**2,224,044**

	Proceeds from sales		Realized gains		Realized losses	
	2010 € 1,000	2009 € 1,000	2010 € 1,000	2009 € 1,000	2010 € 1,000	2009 € 1,000
Equity securities	(146,892)	(182,671)	16,149	55,859	(2,243)	(8,540)
Investment funds	(440,013)	(499,243)	5,743	2,322	(1,542)	(1,969)
Government bonds	(857,762)	(1,847,776)	24,451	36,224	(15,708)	(2,904)
Corporate bonds	(288,125)	(420,981)	13,177	4,857	(529)	(1,297)
Government loans	-	-	-	-	-	-
Corporate loans	(45)	(45)	-	-	-	-
Total	**(1,732,837)**	**(2,950,716)**	**59,520**	**99,262**	**(20,022)**	**(14,710)**

Contractual maturities

The amortized cost and estimated fair value of securities available forsale with fixed maturities as of December 31, 2010 by contractual maturity are as follows:

	Securities available-for-sale			
	Amortized cost		Market values	
	2010 € 1,000	2009 € 1,000	2010 € 1,000	2009 € 1,000
Contractual term to maturity:				
- due in 1 year or less	70,788	67,290	69,429	65,637
- due after 1 year and in less than 5 years	835,310	648,292	856,779	666,403
- due after 5 years and in less than 10 years	674,640	830,008	689,250	855,043
- due after 10 years	367,885	461,229	375,623	467,726
Total	**1,948,623**	**2,006,819**	**1,991,081**	**2,054,809**

The actual maturities may deviate from the contractually defined maturities, because certain security issuers have the right to call or repay certain obligations ahead of schedule, with or without redemption or early repayment penalties. Investments that are not due at a single maturity date are, in general, not allocated over various maturity buckets, but are shown within their final contractual maturity dates.

Securities lending

Certain entities within the Group participate in securities lending arrangements whereby specific securities are lent to other institutions for short periods of time. On December 31, 2010 the volume of securities lent out by Allianz Nederland as a whole was € 264,039 (2009: nil). The fair value of collateral accepted that can be sold or repledged amounted to € 259,883 at December 31, 2010 (2009: nil).

6 Investments in associated enterprises

	2010 € 1,000	2009 € 1,000
Investments in associated enterprises	1,996	664
Total	**1,996**	**664**

This amount relates to our investment in Euro Nederland B.V.

7 Loans and advances to banks

	2010 € 1,000	2009 € 1,000
Reinvested cash collateral	259,882	-
Loans to Allianz SE	50,000	-
Loans Hartford	17,980	16,664
Total	**327,862**	**16,664**

Reinvested cash collateral is cash collateral received from securities lending transactions that was reinvested again. The position received collateral is reported under Note 14 Liabilities to financial institutions.

The loans to Allianz SE bare an interest of 4.01% and are repayable in 2020.

The Hartford loans are callable in 2018. To mitigate the credit risk, these debentures are accompanied by a put option which gives us the right until 2018 to sell the loan to Allianz SE against the notional value whenever the rating falls below investment grade.

8 Amounts ceded to reinsurers from insurance provisions

	2010 € 1,000	2009 € 1,000
Long duration insurance contracts Life	**19,133**	**20,679**
Provisions for outstanding claims Property-Casualty	94,745	133,835
Provisions for incurred but not reported claims Property-Casualty	13,473	6,687
Unearned premiums Property-Casualty	26,783	25,960
Total Property-Casualty	**135,001**	**166,482**
Total	**154,134**	**187,161**

This note must be read in conjunction with Note 17 (Insurance provisions). The amounts ceded to reinsurers from insurance provisions stated under assets include rights of recourse against reinsurers. Allianz Nederland reinsures a portion of the risks it underwrites in an effort to control its exposure to losses and events and protect capital resources. Allianz Nederland monitors the financial condition of its external reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically in order to evaluate the reinsurer's ability to fulfil its obligations. The evaluation criteria, which include the claims-paying and debt ratings, capital and surplus levels and marketplace reputation of its reinsurers, are such that Allianz Nederland considers any risks of collectability to which it is exposed as not significant.

9 Deferred acquisition costs

	Property-Casualty		Life		Total	
	2010 € 1,000	2009 € 1,000	2010 € 1,000	2009 € 1,000	2010 € 1,000	2009 € 1,000
Value stated as of 1/1	**47,650**	**50,403**	**49,023**	**58,059**	**96,673**	**108,462**
Additions	187,030	168,972	7,212	8,959	194,242	177,931
Amortization	(190,465)	(171,725)	(15,579)	(17,995)	(206,044)	(189,720)
Value stated as of 12/31	**44,215**	**47,650**	**40,656**	**49,023**	**84,871**	**96,673**

10 Other assets

	2010 € 1,000	2009 € 1,000
Real estate used by the company for its own activities	4,849	4,961
Equipment and inventories	2,147	1,775
Accounts receivable on insurance business	97,480	111,157
Other receivables	123,377	129,353
Cashpool	84,115	11,070
Total	**311,968**	**258,316**

Further details regarding the cashpool can be found in Note 44 Notes to the statutory statement of financial position.

Real estate used by Allianz Nederland for its own activities

Changes in the total carrying value of real estate owned by the Group and used for its own activities:

	2010 € 1,000	2009 € 1,000
Purchase price as of beginning of year	5,636	5,636
Depreciation as of beginning of year	(787)	(675)
Value stated as of 12/31	**4,849**	**4,961**
Value stated as of 1/1	4,961	**5,073**
Depreciation	(112)	(112)
Value stated as of 12/31	**4,849**	**4,961**

The market value of real estate used by the company for its own activities amounted to € 5,950 (2009: € 5,950).

All real estate is valued once in every five years. The last valuation was in 2009.

Equipment and inventories

Development of the tangible fixed assets:

	2010 € 1,000	2009 € 1,000
Purchase price as of end of year	18,378	17,464
Depreciation as of end of year	(16,231)	(15,689)
Value stated as of 12/31	**2,147**	**1,775**
Value stated as of 1/1	**1,775**	**8,110**
Additions	1,117	712
Disposals	(18)	(285)
Reclassification	(185)	(3,486)
Depreciation	(542)	(3,276)
Value stated as of 12/31	**2,147**	**1,775**

The reclassification concerns software which is transferred to intangible assets.

Accounts receivable on insurance business

Specification of receivables from insurance:

	2010 € 1,000	2009 € 1,000
Policyholders	22,124	25,798
Intermediaries	66,035	69,935
Reinsurers	18,734	26,240
Allowance for doubtful accounts	(9,413)	(10,816)
Value stated as of 12/31	**97,480**	**111,157**

Development of the provision allowance for doubtful accounts:

	2010 € 1,000	2009 € 1,000
Value stated as of 1/1	(10,816)	(11,667)
Additions	(1,789)	(2,495)
Release	3,192	3,346
Value stated as of 12/31	**(9,413)**	**(10,816)**

Other receivables

Specification of other receivables:

	2010 € 1,000	2009 € 1,000
Interest and rental receivables	38,986	38,982
Personnel loans 'Royal Aandelen Plan'	17,295	17,890
Receivables related to investments	14,276	1,435
Receivables related to mortgages	3,421	5,706
Tax receivables	2,927	20,823
Fees to be received	3,117	2,465
Loans to intermediaries	16,939	17,925
Other	26,416	24,127
Value stated as of 12/31	**123,377**	**129,353**

Except for loans to personnel and intermediaries, the receivables are generally due in less than one year.

11 Intangible assets

Intangible assets comprise the following:

	2010 € 1,000	2009 € 1,000
Software	9,095	11,443
Other	3,109	3,531
Total	**12,204**	**14,974**

Software

	2010 € 1,000	2009 € 1,000
Gross amount capitalized as of 12/31	24,831	23,283
Accumulated amortization as of 12/31	(15,736)	(11,840)
Value stated as of 12/31	**9,095**	**11,443**
Value stated as of 12/31 prior year	11,443	12,940
Additions	2,467	2,136
Disposals	(1,104)	(623)
Reclassification	185	3,486
Amortization	(3,896)	(6,496)
Value stated as of 12/31	**9,095**	**11,443**

The statement of financial position value amounting to € 9,095 (2009: € 11,443) includes € 6,266 (2009: € 6,301) for internally developed software and € 2,829 (2009: € 5,142) for software purchased from third parties. As of December 31, 2010 there were no purchase commitments related to software.

Other

Changes in Other are as follows:

	2010 € 1,000	2009 € 1,000
Value stated as of 1/1	3,531	**2,979**
Additions	-	959
Amortization	(422)	(407)
Value stated as of 12/31	**3,109**	**3,531**

The other intangible assets represent acquired intermediary insurance portfolios. The portfolios are amortized over 10 years, which is the expected useful life.

Notes to the Consolidated Statement of Financial Position - Equity and Liabilities

12 Shareholders' equity

The shareholders' equity comprises the following:

	2010 € 1,000	2009 € 1,000
Issued capital	59,813	59,813
Share premium	76,667	76,667
Revenue reserves	384,366	371,756
Profit for the year	89,852	97,610
Revaluation reserve	53,545	59,123
Total	664,243	664,969

Issued and paid up capital amounted to € 59.8 mln. The company has issued only one type of shares which has a par value of € 1,000. The issued shares are owned by Allianz France International SA in Paris. The development of capital and reserves is explained in the notes to the statutory statement of financial position.

13 Liabilities carried at fair value through income

	2010 € 1,000	2009 € 1,000
Financial liabilities in investment funds	509,661	497,539
Derivatives (refer to Note 34)	-	66
Total	509,661	497,605

The negative market values of derivative financial instruments are shown on a net basis, i.e. taking into account existing netting agreements.

14 Liabilities to financial institutions

	2010 € 1,000	2009 € 1,000
Collateral received from securities lending	259,882	-
Collateral received from CDS	6,810	11,820
Total	266,692	11,820

The collateral received from securities lending transactions is related to cash collateral we receive against securities lent. The received cash is reinvested again. This position is reported in Note 7 Loans and advances to banks.

Further details regarding our CDS position can be found in Note 34.

15 Liabilities to customers

	2010 € 1,000	2009 € 1,000
Saving deposits retail customers	304,791	205,706
Other term liabilities	8,300	8,500
Total	313,091	214,206

All liabilities are due within one year.

16 Financial liabilities for unit-linked contracts

Changes in financial liabilities for unit linked insurance contracts and unit linked investment contracts for the years ended December 31, 2010 were as follows:

	2010 € 1,000	2009 € 1,000
Balance as of 1/1	**3,056,915**	**2,768,315**
Premiums collected	182,489	203,630
Interest credited	202,894	377,123
Releases upon death, surrender and withdrawal	(218.821)	(191.173)
Pollicyholder charges	(12.626)	(13.815)
Transfers [1)]	(8.734)	(87.164)
Balance as of 12/31	**3.202.117**	**3.056.915**

1) These transfers mainly relate to policies transferred to non-linked insurance provision

17 Insurance provisions

This note must be read in conjunction with Note 8 (Amounts ceded to reinsurers from insurance provisions).

	2010 € 1,000	2009 € 1,000
Long duration insurance contracts Life	**1,168,619**	**1,113,062**
Unearned premiums Property-Casualty	224,249	239,426
Provisions for outstanding claims Property-Casualty	796,443	843,174
Provisions (gross) IBNR	172,963	178,292
Total Property-Casualty	**1,193,655**	**1,260,892**
Total	**2,362,274**	**2,373,954**

Movement table for long duration Life insurance contracts

	2010			2009		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Balance as of 1/1	1,113,062	20,679	1,092,383	**977,518**	**21,188**	**956,330**
Benefits paid	(56,801)	(1,554)	(55,247)	(57,012)	(1,760)	(55,252)
Premiums received	74,831	2,157	72,674	87,383	2,394	84,989
Technical interest	55,326	759	54,567	54,744	1,017	53,727
Technical result	(17,799)	(2,908)	(14,891)	50,429	(2,160)	52,589
Balance as of 12/31	**1,168,619**	**19,133**	**1,149,486**	**1,113,062**	**20,679**	**1,092,383**

Movement table for unearned Property-Casualty premiums

	2010			2009		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Balance as of 1/1	**239,426**	**25,960**	**213,466**	**255,140**	**31,206**	**223,934**
Added during the year	910,093	125,149	784,944	916,300	123,846	792,454
Released to the income statement	(925,270)	(124,326)	(800,944)	(932,014)	(129,092)	(802,922)
Balance as of 12/31	**224,249**	**26,783**	**197,466**	**239,426**	**25,960**	**213,466**

Movement table for total provisions for outstanding Property-Casualty claims (including IBNR)

	2010			2009		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Balance as of 1/1	**1,021,466**	**140,522**	**880,944**	**1,011,966**	**134,289**	**877,677**
Current year claims reported	546,814	31,710	515,104	566,967	50,294	516,673
Previous years claims reported	18,729	(15,687)	34,416	42,808	509	42,299
Plus: claims reported	**565,543**	**16,023**	**549,520**	**609,775**	**50,803**	**558,972**
Current year claims paid	(332,333)	(7,017)	(325,316)	(341,040)	(7,442)	(333,598)
Previous years claims paid	(279,940)	(48,096)	(231,844)	(279,351)	(40,238)	(239,113)
Less: claims paid	**(612,273)**	**(55,113)**	**(557,160)**	**(620,391)**	**(47,680)**	**(572,711)**
Movement IBNR	(5,330)	6,786	(12,116)	20,116	3,110	17,006
Balance as of 12/31	**969,406**	**108,218**	**861,188**	**1,021,466**	**140,522**	**880,944**

The provision for claims is made at the statement of financial position date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less amounts already paid. In the provision for claims an amount of € 50 mln (2009: € 53 mln) has been included for the long-term risk of asbestosis and other disease claims in the liability portfolio.

Outstanding claims development table for Property-Casualty insurance (net)

For (calendar) years ended 12/31	2003 € 1,000	2004 € 1,000	2005 € 1,000	2006 € 1,000	2007 € 1,000	2008 € 1,000	2009 € 1,000	2010 € 1,000
Provision for outstanding claims								
Net	930,471	909,030	908,986	893,608	886,354	877,676	880,944	861,188
Reinsured	163,139	114,481	79,070	86,214	125,774	134,290	140,522	108,218
Gross	1,093,610	1,023,511	988,056	979,822	1,012,128	1,011,966	1,021,466	969,406
Cumulative payments								
1 year later	335,110	255,130	225,352	227,073	276,180	279,491	279,940	
2 years later	449,265	360,824	329,179	345,973	397,139	410,263		
3 years later	528,877	441,742	421,449	436,738	489,836			
4 years later	592,968	517,612	493,867	504,176				
5 years later	655,207	578,114	548,820					
6 years later	704,337	625,167						
7 years later	743,091							
Estimate cumulative claims								
1 year later	1,047,278	965,076	930,292	913,623	967,030	1,002,409	963,825	
2 years later	980,462	932,931	891,385	887,887	971,981	955,948		
3 years later	1,002,740	921,448	883,267	909,126	956,337			
4 years later	1,006,143	915,372	887,598	891,436				
5 years later	1,006,409	924,234	870,917					
6 years later	1,019,937	910,768						
7 years later	1,012,717							
Cumulative surplus (deficit)								
Gross	73,673	99,277	100,458	70,696	40,147	9,557	57,642	
Reinsured	29,856	14,992	7,142	6,919	3,086	(737)	18,961	
Net	43,817	84,285	93,316	63,777	37,061	10,294	38,680	
Percentage	**4.7%**	**9.3%**	**10.3%**	**7.1%**	**4.2%**	**1.2%**	**4.4%**	

The cumulative surplus (deficit) represents the difference between the initial estimation of claims and the most recent estimation of claims as of December 31, 2010.

18 Other provisions

	2010 € 1,000	2009 € 1,000
Provisions for post-employment benefits	16,269	24,881
Provision restructuring plans	20,097	-
Miscellaneous accrued liabilities	18,365	19,581
Total	**54,731**	**44,462**

Allianz Nederland has two defined benefit pension plans and two long-term service plans. The pension plans are financed through two pension funds. Contributions fixed in advance, based on salary, are paid to these institutions. The beneficiary's right to benefits exists against these pension funds. The pension funds involved are Stichting Pensioenfonds Allianz Nederland and Stichting Pensioenfonds Buizerdlaan.

The net amount recognized for the Allianz Nederland defined benefit plans has developed as follows:

	2010 € 1,000	2009 € 1,000
Actuarially calculated present value of pension rights accrued	(332,051)	(331,422)
Pension fund assets	332,882	302,311
Funded status	831	(29,111)
Unrecognized net actuarial results	(17,100)	4,230
Recognized in statement of financial position	**(16,269)**	**(24,881)**

The unrecognized net actuarial gains is amortized over the expected remaining service years, using a 10% corridor. The 10% corridor means that the amortization in any year is based on the excess of the unrecognized net gain/loss over 10% of the greater of the plan assets and the actuarially calculated present value of pension rights accrued, both determined as of the end of the preceding year. This calculation is made for each of the four plans separately.

As of December 31, 2010 the total unrecognized loss exceeding the 10% corridor amounted to € 0.0 mln (2009: € 0.2 mln).

The provision for defined benefit pension plans changed as follows:

	2010 € 1,000	2009 € 1,000
Value stated as of 12/31 prior year	**(331,422)**	**(314,528)**
Benefits paid	11,564	10,827
Current service costs	(9,156)	(8,808)
Interest costs	(17,067)	(17,854)
Benefit from curtailment	-	17,074
Actuarial gain (loss)	14,030	(18,133)
Value stated as of 12/31	**(332,051)**	**(331,422)**

As of December 31, 2010 the total post-retirement health benefits obligation amounted to € 4.6 mln (2009: € 3.9 mln). In the statement of financial position € 4.3 mln (2009: € 4.5 mln) was recognized.

The pension fund assets changed as follows:

	2010 € 1,000	2009 € 1,000
Value stated as of 12/31 prior year	**302,311**	**267,933**
Expected return on plan assets	16,805	16,584
Employer's contribution	14,903	13,119
Participant contributions	2,650	2,608
Benefits paid	(11,332)	(10,591)
Actuarial gain (loss)	7,545	12,658
Value stated as of 12/31	**332,882**	**302,311**

The actual return on the plan assets in 2010 amounted to € 24.4 mln positive (2009: € 29.2 positive).

The actuarial gain (loss) includes the following items:

	2010 € 1,000	2009 € 1,000	2008 € 1,000
Change discount rate	(23,590)	(29,292)	26,945
Change mortality table	(21,281)	587	-
Other results on assumptions	56,596	9,278	(13,400)
Asset performance	7,545	12,658	(33,601)
Other results on experience	2,305	7,363	6,412
Total	**21,575**	**594**	**(13,644)**

The gain of € 56,596 stated in the line "Other results on assumptions" is mainly caused by the decrease in the expected rate of compensation increase (from 4.25% to 3.50%) and the decrease in the expected rate of pension increase (from 1.90% to 0.75%).

The net periodic benefit costs (expenses minus income) include the following components:

	2010 € 1,000	2009 € 1,000
Current service costs	9,156	8,808
Interest costs	17,067	17,854
Expected return on pension fund assets	(16,805)	(16,584)
Amortization unrecognized actuarial gains	(250)	-
Curtailment unrecognized actuarial (gains)/losses	-	(6,069)
Curtailment recognized (gains)/losses	-	(11,005)
Participant contributions	(2,650)	(2,608)
Total	**6,518**	**(9,604)**

During the year ended December 31, 2010 net periodic benefit costs of pension plans (exclusive gains from curtailment) include costs related to post retirement health benefits of € 0.2 mln (2009: € 0.3 mln).

Assumptions

The calculations are based on current actuarially determined mortality estimates. Projected fluctuations depending on age and length of service have also been used, as well as internal retirement projections.

The actuarial assumptions used to determine projected benefit obligation:

	2010 %	2009 %	2008 %	2007 %
Discount rate	4.75	5.25	6.00	5.50
Expected rate of return on pension fund assets	4.70	5.40	6.00	5.50
Rate of compensation increase	3.50	4.25	4.75	4.50
Rate of pension increase	0.75	1.90	2.25	2.00

The discount rate assumptions reflect the market yield at the statement of financial position date of high-quality fixed income investments corresponding to the average duration of the liabilities. The expected rate of return on pension fund assets is based on the strategic asset mix. The return of each category is based on a normalised revenue. The actual rate of compensation increase in 2010 was 2.0% (2009: 4.3%). The actual rate of pension increase in 2010 was 0.5% (2009: 0%).

Categories of pension fund assets:

	2010 target	2010 actual	2009 actual
Equity securities	30.0%	23.6%	24.9%
Real estate	5.0%	3.2%	3.1%
Debt securities	62.5%	69.7%	69.2%
Other	2.5%	3.5%	2.8%
Total	**100.0%**	**100.0%**	**100.0%**

Provision restructuring plans

The provision for restructuring primarily includes personnel costs which mainly result from severance payments for employee terminations, and contract termination costs of lease contracts. Further details can be found in Note 30.

Miscellaneous accrued liabilities

	2010 € 1,000	2009 € 1,000
Run off of activities	2,395	2,770
Staff related expenses	9,799	9,460
Commision for agents	3,042	3,056
Other	3,129	4,295
Total	**18,365**	**19,581**

Since the development of the other accrued liabilities is uncertain, the other accrued liabilities are classified as long-term:

	2010	Run off of activities	Staff related expenses	Commission for agents	Other
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Value stated as of 1/1	**19,581**	**2,770**	**9,460**	**3,056**	**4,295**
Additions to existing provisions	8,211	-	7,719	-	492
Release of provisions via payments	(6,770)	-	(6,702)	-	(68)
Amounts released	(2,657)	(375)	(678)	(14)	(1,590)
Value stated as of 12/31	**18,365**	**2,395**	**9,799**	3,042	**3,129**

19 Other liabilities

	2010 € 1,000	2009 € 1,000
Accounts payable on direct insurance business	73,354	81,289
Accounts payable on reinsurance business	25,508	31,048
Interest and rental liabilities	6,738	3,814
Tax liabilities	8,894	8,264
Staff related expenses	2,793	2,029
Pension expenses	105	500
Debts from security transactions	1,846	225
Premiums to be invested	13	29
Fees to be paid	1,811	4,999
Brokerage to be paid	8,572	9,617
Amounts payable to pension funds	3,395	700
Other	48,228	49,095
Total	**181,257**	**191,609**

Accounts payable on direct insurance business and accounts payable on reinsurance business are due within one year. Of the remaining liabilities stated under Other liabilities € 64,958 (2009: € 60,737) is due within one year and € 17,437 (2009: € 18,535) is due after more than one year.

Of the tax liabilities € 0 (2009: € 255) is attributable to corporate tax.

Notes to the Consolidated Income Statement

20 Premiums earned (net)

	Property-Casualty		Life		Total	
	2010 € 1,000	2009 € 1,000	2010 € 1,000	2009 € 1,000	2010 € 1,000	2009 € 1,000
Premiums written (gross):						
- from direct insurance	752,814	739,955	314,970	353,928	1,067,784	1,093,883
- from reinsurance assumed	157,280	176,346	-	-	157,280	176,346
Total	**910,094**	**916,301**	**314,970**	**353,928**	**1,225,064**	**1,270,229**
Reinsurance ceded	(125,149)	(123,846)	(11,074)	(11,855)	(136,223)	(135,701)
Premiums written (net)	**784,945**	**792,455**	**303,896**	**342,073**	**1,088,841**	**1,134,528**
Change in unearned premiums gross:						
- from direct insurance	2,914	5,325	-	-	2,914	5,325
- from reinsurance assumed	12,264	10,389	-	-	12,264	10,389
Total	**15,178**	**15,714**	**-**	**-**	**15,178**	**15,714**
Reinsurance ceded	823	(5,245)	-	-	823	(5,245)
Total change in unearned premiums (net)	**16,001**	**10,469**	**-**	**-**	**16,001**	**10,469**
Premiums earned (net)	**800,946**	**802,924**	**303,896**	**342,073**	**1,104,842**	**1,144,997**

21 Interest, dividend and similar income

	2010 € 1,000	2009 € 1,000
Income from:		
- securities held-to-maturity	41,933	40,049
- securities available-for-sale	76,312	73,883
- net interest margin from banking business	2,556	2,924
- lending and loans	3,993	1,949
- other interest-bearing instruments	2,017	4,290
- Interest from Cashpool	337	1,864
Total	**127,148**	**124,959**

Income from securities available-for-sale include dividend income of € 10,890 (2009: € 10,991).

22 Other income from investments

	2010 € 1,000	2009 € 1,000
Realized gains on securities available-for-sale	59,520	99,262
Realized losses on securities available-for-sale	(20,022)	(14,710)
Total	39,498	**84,552**

23 Fee and commission income (net)

	2010 € 1,000	2009 € 1,000
Fee and commission income	35,949	31,697
Fee and commission expenses	(1,812)	(1,605)
Fee and commission income (net)	**34,137**	**30,092**

24 Other income

Other income consists of the following items:

	2010 € 1,000	2009 € 1,000
Foreign currency gains	4,966	5,672
Income from service activities	25,633	24,872
Income from transfer international accounts to AGCS	5,145	-
Other	1,439	386
Total	**37,183**	**30,930**

The currency gains are mainly related to US-Dollar positions. The losses on these positions are reported in Other expenses (Note 31). Income from service activities is related to income from intermediary activities and claims services.

The income from transfer international accounts to AGCS is the result of the sale of the renewal rights of our international corporate business (ICB) insurance portfolio to a Dutch branch of Allianz Global Corporate and Specialty AG per 1 November 2010.

25 Insurance benefits (net)

Insurance benefits in Property-Casualty comprise the following:

	Gross		Reinsurance		Net	
	2010 € 1,000	2009 € 1,000	2010 € 1,000	2009 € 1,000	2010 € 1,000	2009 € 1,000
Claims:						
- claims paid	624,533	626,711	(55,113)	(47,679)	569,420	579,032
- changes in provisions for loss and loss adjustment expenses	(52,061)	9,639	32,304	(6,232)	(19,757)	3,407
Total	**572,472**	**636,350**	**(22,809)**	**(53,911)**	**549,663**	**582,439**

Insurance benefits in Life comprise the following:

	Gross		Reinsurance		Net	
	2010 € 1,000	2009 € 1,000	2010 € 1,000	2009 € 1,000	2010 € 1,000	2009 € 1,000
Benefits paid	293,387	324,303	(4,314)	(4,319)	289,073	319,984
Changes in provisions for life insurance:	35,284	39,133	1,546	508	36,830	39,641
Other movements in relation to financial assets and liabilities for the risk of policyholders	(37,650)	(44,814)	-	-	(37,650)	(44,814)
Total	**291,021**	**318,622**	**(2,768)**	**(3,811)**	**288,253**	**314,811**

26 Interest and similar expenses

	2010 € 1,000	2009 € 1,000
Other interest expenses	1,570	1,978
Interest expenses for loans	16	73
Total	**1,586**	**2,051**

27 Impairments of investments

	2010 € 1,000	2009 € 1,000
Securities available-for-sale	7,466	23,298
Total	**7,466**	**23,298**

Further details can be found in Note 5 Investments,

28 Movement in financial assets and liabilities carried at fair value through income (net)

	2010 € 1,000	2009 € 1,000
Result on derivatives	(5,174)	(14,795)
Result on other trading assets	(26)	493
Gain/(loss) from financial assets carried at fair value through income	230,090	505,950
Gain/(loss) from liabilities carried at fair value through income	(230,090)	(505,950)
Total	**(5,200)**	**(14,302)**

The result on derivatives includes a negative result of € 3,672 (2009: € 7,250 negative) due to positions held to protect Allianz Nederland Groep against bankruptcy of a medium sized bank.

Income from financial assets and liabilities carried at fair value through income includes received dividends and realized and unrealized results on securities.

29 Acquisition costs and administrative expenses

	2010 € 1,000	2009 € 1,000
Property-Casualty	239,990	234,525
Life	57,884	60,882
Asset Management	8,937	6,555
Total	**306,811**	**301,962**

	Property-Casualty		Life	
	2010 € 1,000	2009 € 1,000	2010 € 1,000	2009 € 1,000
Acquisition costs:				
- payments	201,807	183,647	20,012	24,199
- change in deferred acquisition costs	3,536	3,701	7,301	8,614
Subtotal	**205,343**	**187,348**	**27,313**	**32,813**
Administrative expenses	48,550	61,740	31,999	29,493
Underwriting costs (gross)	**253,893**	**249,088**	**59,312**	**62,306**
Less commissions and profit-sharing received on reinsurance business ceded	(14,878)	(15,545)	(2,949)	(2,927)
Underwriting costs (net)	**239,015**	**233,543**	**56,363**	**59,379**
Expenses for management of investments	975	982	1,521	1,503
Acquisition costs and administrative expenses	**239,990**	**234,525**	**57,884**	**60,882**

Acquisition costs and administrative expenses include the staff and operating costs of the insurance business allocated to the functional areas 'Acquisition of insurance policies', 'Administration of insurance policies' and 'Asset Management'. Other personnel and operating costs in the insurance business are included in insurance benefits and in other expenses.

All personnel and operating costs in the asset management business are reported under Acquisition costs and administrative expenses.

An overview of personnel expenses is provided in Note 37.

30 Restructuring charges

As part of the restructuring plan Allianz 2012 whose execution was started already in 2009, Allianz announced in 2010 to centralize all main activities at its headoffice in Rotterdam. This reorganisation is a direct outcome of the implementation of the Target Operating Model and intends cost savings according to the Operational Transformation Plan.

During the year ended December 31, 2010 Allianz Nederland Groep recognized restructuring charges of € 26,800 (2009: € 2,213). As of December 31, 2010 Allianz Nederland Groep recorded a provision for restructuring of € 20,097 (2009: € 0). Hereof €15,080 is related to termination cost of personnel.

31 Other expenses

Other expenses are comprised of the following:

	2010 € 1,000	2009 € 1,000
Expenses for service activities	33,434	31,249
Foreign transactions currency losses	1,431	4,127
Other	2,172	6,080
Total	**37,037**	**41,456**

The currency losses are mainly related to US-Dollar positions. The gains on these positions are reported in other income (Note 24).

32 Taxes

The Group's taxes are comprised of the following:

	2010 € 1,000	2009 € 1,000
Current taxes	(35,141)	(36,388)
Deferred taxes	5,001	1,000
Total	**(30,140)**	**(35,388)**

The company constitutes a single tax entity together with group companies mentioned in Note 48. The corporate tax is stated for each company according to the portion for which the company involved would be assessed if it were an independent tax payer, taking account of any tax relief facilities available to the company.

Tax deferrals are recognized if a future reversal of the difference is expected. Deferred taxes on losses carried forward are recognized as an asset to the extent sufficient future taxable profits are available for realization.

The recognized tax charge for 2010 is € 458 lower (2009: € 1,474 higher) than the expected tax charge. The following table shows the reconciliation of the expected tax charge and the tax charge Effectively recognized:

	2010 € 1,000	2009 € 1,000
Anticipated tax rate in %	25.5%	25.5%
Expected income tax charge	30,598	33,914
Tax exempt (revenues)/cost	2,660	1,729
Effects of tax (profits)/losses	(137)	(257)
Effect change tax rate	215	-
Effect of adjustments previous years	(3,200)	-
Other tax settlements	4	2
Current tax charge	**30,140**	**35,388**
Effective tax rate	**25.1%**	**26.6%**

Deferred tax assets and liabilities comprise the following statement of financial position items:

	2010 € 1,000	2009 € 1,000
Deferred tax assets		
Tax loss carried forward	1,277	1,417
Insurance provisions	18,041	16,338
Pensions and similar provisions	3,810	5,791
Deferred acquisition costs	17,821	19,325
Other assets	921	1,040
Total	**41,870**	**43,911**
Netting deferred tax assets/ liabilities within fiscal unity	(40,933)	(42,650)
Net deferred tax assets	**937**	**1,261**
Deferred tax liabilities		
Investments	(18,573)	(17,377)
Other liabilities	(28,430)	(39,383)
Total	**(47,003)**	**(56,760)**
Netting deferred tax assets/ liabilities within fiscal unity	40,933	42,650
Net deferred tax liabilities	**(6,070)**	**(14,110)**

Deferred tax recognized subtracted directly in equity amounted to € 2,714 (2009: € 1,504) and relates to unrealized gains/losses on investments.

33 Risk management

Introduction

A coherent and effective risk management system is of vital importance to a financial enterprise. Risk management entails the identification and assessment of risks together with the formulation and execution of mitigation measures. The ultimate aim of our risk management is to safeguard capital adequacy, thereby protecting the interests of our customers. At the same time it supports the creation of sustainable shareholder value by optimizing the risk-return trade-off, while ensuring that risks taken stay within the company's risk appetite. The risk management system of Allianz Nederland forms an integrated part of the risk management system of the Group (Allianz SE).

Risk governance

Within Allianz Nederland the key players, their roles and responsibilities within the context of risk management are organised as follows:

- The Board of Management is ultimately accountable for ensuring that the company is equipped with an effective risk management system. Whereas specific implementing measures and risk management activities can be delegated to specialized functions and/or committees, the Board of Management remains responsible for determining the risk appetite of the company and, as a consequence, also for prescribing the risk-return strategy. The Chief Risk Officer (CRO) is member of the Board of Management and combines this function with that of Chief Financial Officer (CFO).
- The Risk Committee supervises the overall risk management processes, ensuring that all risks are addressed and managed in an integrated manner. The Risk Committee is a board-level committee and its members include the CEO's of the insurance subsidiaries of Allianz Nederland. It has an advisory role towards the Boards of Management of both the holding (Allianz Nederland Groep) and its subsidiaries. In this role it promotes comprehensive risk awareness and it can recommend risk mitigating measures. The Risk Committee meets on a quarterly basis and is chaired by the Chief Risk Officer.
- The CRO performs independent risk oversight and stands for the daily well-functioning of the risk management system. To this end, he plays an interfacing role between the various key players and he is assisted by a dedicated staff function. This staff function is responsible for designing and implementing the risk management system within Allianz Nederland, thereby taking into consideration Group requirements and local specifics. Using qualitative and quantitative methods, risks are systematically monitored and analysed.
- The Internal Audit department reviews the proper functioning of the risk management system and assesses whether it complies with regulatory and group standards.

Developments in 2010

Sovereign debt crisis

In early 2010 fears of a foreign debt crisis developed. Concerns about rising government deficits and debt levels across the globe together with a wave of downgrading of European government debt, created alarm in financial markets. Allianz Nederland anticipated timely by disposing of the majority of its exposure to sovereign debt of the so-called PIIGS countries (Portugal, Italy, Ireland, Greece and Spain) before the sovereign debt crisis fully unfolded. Per year-end our exposure to sovereign debt of the PIIGS countries is restricted to EUR 110 m in Italy (2009 EUR 338 m of which EUR 185 m in Italian government bonds).

Preparation for Solvency II

Solvency II, the new European supervisory framework for insurers will be effective in January 2013. The Group has decided to calculate the Solvency Capital Requirement (SCR) under this regime using an internal capital model. This internal capital model will be implemented throughout the Group by all major operating entities. In 2010 Allianz Nederland switched to the new internal model framework, thereby replacing the existing internal capital model in place since 2002. The most important differences with the old internal model can be summarised as follows:

- The technique of replicating portfolios provides an insightful representation of the market value of our insurance liabilities and thereby also of their fluctuations under changing market conditions. In this way, the technique enables the stochastic modelling of market risks in the life portfolio.
- A more integrated approach to the calculation of the premium and reserve risks on the one hand and the analysis of the technical provisions on the other. Moreover, the effect of reinsurance is modelled explicitly.
- For credit risk not only the probability of default is considered, but also the risk that the market value will change as a consequence of a change in creditworthiness (credit migration risk).
- More advanced techniques to determine diversification benefits.
- Integrated and improved infrastructure so that the internal model runs on a centrally developed platform in a protected environment.

This new internal capital model needs to be approved by the regulatory authorities. In 2010 Allianz Nederland Groep submitted a "pre-application package" to the local regulator as a pre-condition for access to the internal model pre-application process. For Allianz Nederland this internal model approval process will be a joint effort by Allianz Nederland, Allianz SE (the Group), the German lead supervisor and the local Dutch supervisor.

Quantitative Impact Study 5 (QIS5)

In 2010 Allianz Nederland Groep participated in QIS5, the 5th test of the SCR standard formula. In line with the market, the solvency ratio (expressed as available solvency as a percentage of the required

solvency) of our P/C business shows a decline. For our Life business the Solvency II standard formula appears to be relatively favourable compared with the current regulatory solvency regime. Here we benefit from the relatively low exposure to market risk in our unit-linked portfolio, where the policyholder bears the investment risk. The regulatory authority has confirmed that - regardless of whatever internal model ambitions – reporting of the SCR calculated with the standard formula will be compulsory for all insurers at least in the first three years of the Solvency II regime.

In the first quarter of 2010 a Pillar II gap analysis was conducted by the risk department, followed by a Solvency II review performed by the Internal Audit department. This resulted in two priorities for the remainder of 2010:

1. The further enhancement of our risk governance framework in order to have sound processes in place to actually use the internal model for business steering. To this end the roles and responsibilities of, and interfaces between the key risk functions and committees were reviewed and aligned with Solvency II standards.
2. Improvement of the governance around our internal model framework, in order to be able to show evidence that the results of the internal models are actually reliable. In the second half of 2010 Allianz Nederland enhanced the data integrity, risk capital processes and the level of knowledge among key functions, thereby significantly improving the robustness of its internal model framework.

An important building block of Pillar II is the Own Risk and Solvency Assessment (ORSA). The ORSA is forward looking by nature and aims to demonstrate sound and prudent management of the business and to assess overall solvency needs. Allianz Nederland has scheduled to undertake its first Own Risk and Solvency Assessment (ORSA) in 2011. Furthermore, an external Solvency II review is scheduled for the second quarter of 2011.

Pillar III disclosure requirements

Reporting and disclosure requirements are defined under Pillar III and include both reports to the supervisory authorities and public. It is expected that in the first half of 2011 the requirements will be finalized by CEIOPS. As part of the Solvency II project activities, Allianz Nederland pursues the developments and will perform a detailed gap analysis as soon as the requirements are final.

Compensation for unit-linked insurances

In 2008 the Financial Services Ombudsman recommended a cost standard for individual unit linked insurance products. In line with this recommendation Allianz Nederland Groep worked out a proposal to compensate policyholders. This proposal was approved by the Ombudsman. We have informed our intermediary network that in spring 2011 our clients will receive - attached to the annual statement over 2010 - a statement about the exact compensation at maturity in their specific cases.

The pension market could become the next target of the so-called "transparency discussion". In 2010 a cost norm was formulated for defined contribution schemes. Allianz Nederland is in the process of investigating the possible consequences for it's book of collective pension schemes.

Carve-out of international corporate business

The Group decided to centralise all international corporate business at AGCS (Allianz Global Corporate & Specialty), the Group's dedicated brand for corporate and specialty insurance customers. Consequently, per 1 November the international corporate business of Allianz Nederland was transferred to AGCS Netherlands, the newly opened Dutch branch office of AGCS.

Assessment by the external rating agency

In December 2010 Standard & Poor's affirmed our 'AA-' financial strength rating with stable outlook for our main insurance subsidiaries (Allianz Nederland Schadeverzekering, Allianz Nederland Levensverzekering and London Verzekeringen).

Capital management

Capital management

Allianz Nederland is subject to three different capital regimes:

- The capital requirement as calculated with our internal models is at the core of our risk measurement system.
- In addition, meeting the regulatory capital requirement is a prerequisite for being in the insurance business.
- Finally, meeting the capital requirement of Standard & Poor's for an "A" rating is a strategic goal.

In the table below the various capital requirements of Allianz Nederland are depicted. It should be noted that the internal model figures are not comparable to 2009 due to the switch to the new internal model framework per 1 January 2010.

Capital requirements € mln	2010	2009
DNB (Solvency I)	306	305
Allianz Group (internal model)	385	541
Standard & Poor's	669	645

Allianz Nederland is dedicated to meeting the above mentioned solvency requirements at all times. Compliance is monitored frequently. We perform stress tests to determine whether the above-mentioned external solvency requirements will also be met under predefined shock scenarios. These so-called stress tests act as early-warning indicators and provide valuable additional information on the potential vulnerability of our capital buffers. The table below shows the effect on solvency of stress tests we have performed:

Regulatory Solvency (Available/Required)

	2010			2009		
Solvency I ratios (Available/Required)	Life	P&C	Group	Life	P&C	Group
Actual solvency	179%	205%	185%	181%	207%	192%
Internally defined minimum requirement	175%	175%	150%	175%	175%	150%
Stress scenario: Equity -30%	179%	189%	175%	180%	195%	183%
Stress scenario: Interest +200 bp	169%	152%	150%	172%	149%	155%
Stress scenario: Interest -150 bp	178%	245%	209%	187%	256%	220%
Stress scenario: Equity -15%; Interest +100 bp	175%	171%	166%	176%	172%	169%

Capital adequacy according to Standard & Poor's*

S&P solvency ratios (Available/Required)	2010	2009
Actual solvency ratio	103%	105%
Requirement for an "A" rating	100%	100%
Stress scenario: Equity -30%	99%	98%
Stress scenario: Interest +200 bp	90%	91%
Stress scenario: Interest -150 bp	109%	113%
Stress scenario: Equity -15%; Interest +100bp	95%	97%

* Total Adjusted Capital/Diversified Target Capital for an "A" rating

In our stress tests the equity shock is calculated over the market value of the equity portfolio and the interest rate shocks are calculated by multiplying the market value of the interest rate sensitive assets (and/or liabilities) by their average duration and by the magnitude of the interest rate shocks. Risk mitigating effects of deferred taxes and hedge instruments are taken into consideration, if applicable.

- In the regulatory model the insurance liabilities of our P/C business are not discounted and therefore not sensitive to interest rate shocks. Consequently the sensitivity for market risk in P/C is fully determined by the asset side of the balance sheet. On the contrary, in the S&P model insurance liabilities of the P/C business are discounted. Consequently the P/C business is less sensitive to an interest rate shock in the S&P model than in the regulatory solvency model.
- We assume that our traditional life book is not sensitive to market risk, as this portfolio is well matched with fixed income assets. Furthermore, this portfolio is in run off per 31 December 2010.
- Our unit-linked book contains a portion of investment guarantees. By taking into account the MCEV market risk sensitivity calculations, we capture the full economic impact of the unit-linked guarantees in the stress tests of both models.

The insight into the robustness of our solvency position is limited by the number of stress tests performed. Not all downside scenarios can be predicted and simulated.

Internal risk capital framework

Risk capital as calculated with our internal model is at the core of our value based management. It serves as a buffer against unexpected losses and is based on the value-at-risk approach. Value-at-risk measures the potential future loss that, under normal market conditions, will not be exceeded in a given period and with a given confidence level.

We define internal risk capital as the difference between the best estimate and worst case net asset value under a full economic balance sheet. The internal model is calibrated with a confidence level of 99.93% with a time horizon of one year. This is consistent with the requirements for an "A" rating from Standard & Poor's. The risk capital is calculated quarterly. In the internal model the following risk categories are in scope:

Market Risk	Credit Risk	Actuarial Risk	Business Risk
• Equity risk	• Counterparty default risk	• Premium risk	• Operational risk
• Interest rate risk	• Rating migration risk	• Reserve risk	• Lapse risk
• Currency risk		• Mortality risk	• Cost risk
• Property risk			
• Spread risk			

The risk capital as calculated with our internal model is shown in the table below.

Internal Risk Capital Life

€ mln	2010	2009
Market Risk	65	82
Credit Risk	27	67
Actuarial Risk	41	78
Business Risk	65	101
Standalone risk capital	198	**329**
Diversified risk capital	57	**185**

Internal Risk Capital P/C

€ mln	2010	2009
Market risk	155	134
Credit risk	25	47
Actuarial risk	409	367
Business risk	38	96
Standalone risk capital	627	**644**
Diversified risk capital	315	**348**

It should be noted that the 2010 figures are calculated with the new internal model and the 2009 figures with the old internal model. Consequently the consecutive reporting years are not on a comparable basis.

Risk based capital models have limitations by their very nature and include the following:

- The method of extrapolating historical data may not be sufficient to capture all potential adverse future events, particularly those that are extreme in nature.
- The use of a 99.93% confidence level does not take into account any losses that might occur beyond this level of confidence.
- The assumption that changes in risk factors follow a normal or log-normal distribution may not be the case in reality and may lead to an under estimation of the probability of extreme market movements.
- Counterparty credit ratings from Standard & Poor's are key input parameters for credit risk models. These ratings cannot predict individual failures. Moreover, they are often slow to react in response to changes in a firm's risk profile.

Allianz Nederland is aware of these limitations and recognises the importance of the more qualitative risk management skills as amplified in Pillar II of the Solvency II framework.

Market risk

We define market risk as the risk of changes in values caused by market prices or volatilities of market prices differing from their expected values.

IFRS 7 hierarchy disclosure

IFRS 7 requires that transparency is given into the fair value hierarchy of all financial instruments which are valued at fair value. This fair value hierarchy consists of three levels and grades the trustworthiness of the underlying information which is used to determine this fair value.

- Level 1: Quoted market prices (unadjusted) in an active market for an identical instruments.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below depicts the financial instruments measured at fair value at the end of 2010, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Allianz Nederland has no position in Level 3 investments. 9.5% of the financial instruments qualify as Level 2 investments (2009: 9.1%). Excluding the financial assets related to unit-linked contracts, only 4.4% qualify as Level 2 investments (2009: 3.8%).

	2010 € 1,000				2009 € 1,000			
IFRS hierarchy disclosure	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial investments available for sale	2,085	109	-	2,194	2,130	94	-	2,224
Derivative assets held for risk management	-	11	-	11	-	11	-	11
Financial assets for unit-linked contracts	2,762	440	-	3,202	2,633	424	-	3,057
Financial assets designated at fair value through income	510	-	-	510	498	-	-	498
Total	**5,357**	**560**	**-**	**5,917**	**5,261**	**529**	**-**	**5,790**

Equity risk

After downsizing our exposure to equity investments in 2009 we consolidated our position during 2010. At the end of 2010 the equity investments as a percentage of the invested assets amounted to 6.5% compared with 5.2% at year-end 2009.

Geographic distribution equity investments

	2010	2009
Netherlands	11.4%	12.2%
Eurozone (excl. Netherlands)	86.6%	87.8%
Europe. other	0.0%	0.0%
North America	0.0%	0.0%
Asian Pacific	2.0%	0.0%
Total	100.0%	100.0%

Interest rate risk

Traditional life segment

Our traditional life book consists primarily of endowment-type policies with guaranteed maturity benefits and a smaller amount of immediate annuities with guaranteed payments. The ALM committee manages the interest rate risk by matching the duration of the assets and liabilities. The maximum allowed duration gap between the fixed income assets and technical provisions has been set to 0.5 year. Ultimo 2010 the duration of the assets was 4.4 years (2009: 4.3 years) compared to a duration of the liabilities of 4.9 years (2009: 4.8 years). In the calculation of the duration of the technical provisions, the actuarial department assumes current capital market rates and no lapses.

Unit-linked segment

Allianz Nederland offers its unit-linked policyholders a wide range of investment funds. The investment risk of the majority of these funds is borne by the policyholder. Exception to this are a few funds offering a minimum guaranteed return.

In 2010 two funds of this type are open to new entrants:

- A guarantee of 2.75% which is currently only offered as an investment in relation to existing pension contracts. This annual guarantee rate is accrued on a daily basis. Ultimo 2010 the fair value of this fund amounted to EUR 4 mln (2009: EUR 0 mln).
- A fixed income fund offering an end-date guarantee of 3.00%, that is, for investments held till maturity of the policy, with a minimum duration of 5 years. Ultimo 2010 the fair value of this fund amounted to EUR 86 mln (2009: EUR 84 mln).

The value of funds with a guarantee component, borne by Allianz Nederland, but which have been closed for new entrants amounts to EUR 342 mln (2009: 334 mln). Their guarantee rate ranges between 3% and 4%. Only contractually agreed premiums can be further invested in those funds. The inflow to these funds is therefore limited and predictable.

Property & casualty

- In our P/C business we are exposed to interest rate risk following a duration mismatch between our fixed-income assets and insurance liabilities. The sensitivity of our capital buffers to changes in the interest rate is monitored on a quarterly basis so that prompt measures can be taken to mitigate the interest rate risk.

Asset management

- Allianz Nederland Asset Management (ANAM) faces ALM risk as a consequence of holding a bond portfolio to cover the clients' deposits. The ALM committee meets every two weeks as to ensure that the ALM policy is adhered to. Stress tests and daily value-at-risk reports provide the ALM committee with proper insight into the interest rate risk on the bond portfolio and allow the committee to react in a timely manner.

Foreign exchange risk

Foreign exchange risk relates to losses incurred due to fluctuations in foreign currency exchange rates. Allianz Nederland does not have any significant exposure to the foreign exchange risk. The risk on a fixed income dollar investments is hedged with currency forwards.

Real estate risk

Real estate risk is the risk of changes in the market value of real estate property. Due to the small size of the real estate portfolio this risk is not considered material. Allianz Nederland is the majority owner of the office building of London Verzekeringen in Amsterdam.

Credit risk

Credit risk relates to losses occurring in the event that a counterparty or debtor will be unable to fully meet its obligations towards Allianz Nederland.

Investment credit risk

Allianz Nederland is exposed to credit risk on fixed-income securities and deposits with commercial banks. To manage its credit risk exposure. Allianz Nederland has formulated investment mandates in which the maximum position per individual third party and per rating category is defined.

- Ultimo 2010 Allianz Nederland has a EUR 342 mln gross credit exposure to a medium-sized Dutch bank (2009: EUR 343 mln), This exposure relates to a guarantee fund that Allianz Nederland offers to its policyholders and where the respective guarantee is backed by this bank. A significant amount of this third party risk is mitigated using credit default swaps.
- As a consequence of the financial crisis, the value of these CDS contracts is subject to relatively large fluctuations. By settling the collateral on a weekly basis, the credit risk on the issuers of these credit derivatives is mitigated.

- For the purpose of daily cash flow management, cash and deposits are placed with commercial banks. Allianz Nederland has defined, within the limits of the Group, the maximum exposure limits per bank and these limits are monitored on a daily basis.

The table below provides information on the fixed income investments as at year-end 2010. The information is ranked according to the S&P counterparty credit ratings.

In 2010 Allianz Nederland downsized its exposure to sovereign debt in the so-called "PIGGS" countries, which largely explains the movements between ultimo 2010 and ultimo 2009. Funds were to a large extent reinvested in Dutch and German sovereign debt

Intermediary credit risk

Allianz Nederland maintains current accounts with its intermediaries. Furthermore, the company sometimes provides intermediaries with current account financing or loans. With regard to its life business Allianz Nederland is exposed to so-called chargeback risk. This risk emerges when intermediaries are not able to repay pre-paid commission in the event of early surrender, that is, before the time the commission would be fully earned. Allianz Nederland therefore is exposed to credit risk on its intermediary salesforce. Despite the difficult market conditions and the increased cost burden due to recently introduced legislation, the number of bankruptcies amongst intermediaries did not increase in 2010. Our exposure to this sort of credit risk is monitored closely using a detailed analysis which is discussed quarterly in the management board. Allianz Nederland has taken a number of active measures to mitigate this risk. One of these measures is to receive premiums directly from policyholders without any involvement of the intermediary. In addition extra collateral can be requested.

Reinsurance credit risk

Reinsurance credit risk is the risk of reinsurers not fulfilling their contractual obligations to Allianz. Allianz SE has established a dedicated Security Vetting Team responsible for collecting information on the credit worthiness of reinsurers. This Security Vetting Team establishes a list of reinsurers with which Allianz subsidiaries may reinsure their risks. Furthermore, our entire reinsurance placement needs to be approved by the Security Vetting Team of the Group prior to final placement. In this way Allianz Nederland benefits from the reinsurance expertise available within the Allianz Group. Furthermore, it ensures that counterparty risk on reinsurers is fully controlled on group level.

Counterparty concentration risk

Concentration can be seen as the counterpart of diversification. As the internal risk capital model is equipped with an advanced method for calculating diversification effects, concentration risk is implicitly taken into account in the risk capital calculations. In addition to this, the Group has designed a system to manage counterparty concentrations on a group-consistent basis. Within this system, called CRisP, limits for counterparty exposures are allocated to all subsidiaries of the Group. The limit allocated to the subsidiary can be set lower by the CRO of the subsidiary. In this way, the limit allocation is such that the total exposure for the Group will stay within a predefined group limit, while also the risk appetite of the subsidiary is acknowledged. On a monthly basis the counterparty exposures are monitored. In case of a limit breach, the exposure will either be decreased or a request for a limit increase may be submitted to the group.

Life actuarial risk

Actuarial risk emerges when actual rates of mortality, surrender and morbidity deviate from their expected rates leading to negative financial consequences for the insurer. This risk is managed using modelling techniques for pricing, issuing underwriting discipline and the calculation of adequate reserves.

Within the actuarial discipline, a distinction is made between pricing and reserving. With regard to pricing the Group has defined minimum standards that include requirements on methodology, assumption setting, control process, validation and sign-off. Consequently. a consistent pricing process is ensured within the Group.

The adequacy of the statutory reserves is monitored annually by means of a liability adequacy test. The test is passed successfully if the actual reserves equal or exceed the market value of the reserves, as represented by the sum of the best estimate and a market

In € mln	Standard & Poor's credit rating of bonds											
	AAA	AA+	AA	AA-	A+	A	A-	≤ BBB	Total 2010	% 2010	Total 2009	% 2009
Government	972	43	5	33	110	8	-	-	1,171	61%	1,295	66%
Corporate	303	36	44	62	117	89	49	34	734	39%	676	34%
Total	1,275	79	49	95	227	97	49	34	1,905		1,971	
% 2010	67%	4%	3%	5%	12%	5%	3%	2%		100%		
% 2009	57%	7%	3%	6%	15%	5%	2%	5%				100%

value margin for unhedgeable risks. For unit-linked contracts with guaranteed minimum benefits we calculate the intrinsic and time value of these guarantees as part of the market value of liabilities. Ultimo 2010 the statutory reserves of the life company were considered adequate. The mortality and morbidity risks are hedged by a number of reinsurance contracts which cover the loss in excess of a given threshold.

Actuarial risk P&C

Premium risk

Premium risk relates to the possibility that premiums earned would not be sufficient to cover actual claims. This can be due to incorrect premium setting caused by inadequate data or unanticipated changes in trends. The premium risk is managed by Allianz Nederland using quantitative models, product development requirements and underwriting guidelines. Further risk control measures consist of exclusions, coverage limits and reinsurance agreements. Every year, the reinsurance agreements are tuned to the desired risk profile. In this context, special attention is given to the effect of reinsurance on available solvency, the desired return and profitability.

Natural disasters such as wind storms present a specific challenge. These types of risks are measured by combining portfolio specific information as input to a special simulation model for natural disaster scenarios. In 2010 Allianz Nederland reinsured a significant part of its modelled 1,429 year worst case exposure to windstorms. For 2011 the catastrophe cover was increased in order to further downsize the own retention under a 1,429 year worst case event.

In 2003, on a combined initiative of the Dutch government and the insurance sector, the Dutch Terrorism Risk Reinsurance Company (NHT) was established. Allianz Nederland participates in this pool which shares terrorism claims up to annual maximum of 1 billion euro. To this extent, Allianz Nederland provides terrorism coverage under all of its policies – both Life and P&C - with inception dates from July 2003 onward.

In 2007 Allianz Nederland implemented the Minimum Standards for Underwriting (MSU) as issued by Allianz SE. These underwriting standards are aimed at avoiding exposure to unacceptable risks for commercial lines of business. These standards took effect from 1st January 2008.

Reserve risk

Reserve risk results when Allianz Nederland holds provisions for liabilities evolving from insurance contracts. In case unexpected changes in estimated payments occur, for example as a consequence of changes in social, economic or legislative conditions, these provisions may not prove sufficient.

The claims provision is calculated either on a case-by-case basis or by approximation on the basis of experience. In addition, provisions are also held for losses that have occurred but not yet been reported (IBNR reserves), for future claims settlement expenses (CSE reserves) and for claims incurred but not enough reserved (IBNER reserves). The IBNER reserves are typically held for long-tail business where claims have a long settlement period (e.g. bodily injury).
The adequacy of the claims provision is evaluated on a quarterly basis by the actuarial department and is subsequently reported to the Loss Reserve Committee. The CEO, CFO/CRO and the board member responsible for P&C are among the members of this committee. The main responsibilities of the committee are:

- To discuss the quarterly reserve overview as performed by the actuarial department (comparison of the booked reserves with actuarial best estimates per line of business).
- To review and discuss loss reserves, trends and related information.
- To determine the loss reserve provisions for claims and claims settlement expenses at the close of each quarter.

In addition, the adequacy of the loss reserve provisions is also closely monitored by means of independent reviews by Allianz SE every 2 to 3 years.

The Loss Reserve Committee determined the loss and claims settlement expense reserves to be sufficient per year end 2010. The sufficiency of the loss reserves (expressed as the difference between the actuarial best estimate and the booked provision in a percentage of the held net reserves) amounts to 5.0% (2009: 4.4%).

Coverage for asbestosis is excluded from new policies. For old policies where asbestosis has not yet been excluded, separate asbestoses IBNR reserves are held. The exposure, number of remaining contracts and asbestosis claims are closely monitored by the actuarial department. The current provision for asbestosis claims has been formed on the basis of prudent assumptions. With this the reserve risk has been limited.

With most lines of business, the settlement of losses takes only a short period of time. With liability and motor third party liability however, loss settlement may take more time. Hence, the loss provisions for these types of products may be subject to inflation and/or legislative changes. Inflation risk is monitored periodically through actuarial sufficiency tests of insurance liabilities. Regarding legislative amendments that impact outstanding losses, the claims handling department will estimate and modify the scale of losses on a case-by-case basis.

Liquidity risk

Liquidity risk is the risk that current or future payment obligations cannot be met. This risk arises from mismatches in the timing between incoming and outgoing cash flows.

The following measures have been taken:

- A treasury mandate has been set up. The aim is to ensure that sufficient liquid assets are held for both the short and the long term. On a monthly basis the treasury department prepares a cash flow plan with a 12-month projection period. Based on this cash flow planning the amount of cash available for investment is determined.
- Allianz Nederland has access to credit facilities to cover contingencies.
- Allianz Nederland is determined to hold those financial assets that can be traded in liquid markets. 91% of the available-for-sale investments have been granted the highest (Level-1) classification of the IFRS-7 fair value hierarchy. Level 1 implies that the holdings can be traded most easily.

Operational risk

Operational risk includes the risks that arise from human error, process or system failure and from one-off events such as fraud, IT interruption and litigation. It includes the improper handling of confidential information and the so-called compliance risk when regulatory and legal requirements are not met.

The primary responsibility for the effective identification, management, and monitoring of operational risk lies with the line management. Allianz Nederland strives to limit operational risk by imposing a wide range of technical and organisational measures:

- We have a code of conduct which stipulates that all employees should refrain from discrimination and intimidation of colleagues and clients, should behave in an honest and sincere manner and should handle confidential information properly.
- A separate code of conduct has been set up regarding the use of workstations, internet and email-applications.
- Furthermore, to protect Allianz Nederland against financial consequences due to uncertain operational events. Allianz Nederland has entered insurance contracts with third parties to cover, amongst other things, liability claims against the members of the management board.
- Other organisational measures include the internal and external audits and the whistleblower regulations.
- The internal audit, security management and compliance departments report quarterly to the Risk Committee.
- Allianz Nederland has implemented a procedure to register losses due to operational incidents. This loss event database allows us to learn in a structured way from any operational incidents. Moreover this information will serve as input for the calculation of risk capital for operational risk in the near future. Initial tests are expected in 2011.

Reputational risk

Reputational risk is the risk of financial loss resulting from reputational damage. Given the potential business impact of reputational damage, reputational risk has become a standard agenda item at the Risk Committee meetings. This forces us to be alert to potential reputational risks. Allianz SE has drawn up minimum standards for reputational risk. These standards specify activities that are potentially reputation-sensitive.

Concentration of risks

Concentration risk arises from concentration of activities and/or investments in a certain region or sector. Another source of concentration risk comes from insufficient diversification in the investment portfolio. This can lead to an unacceptable level of concentration in certain counterparties, which may lead to large losses in case such a counterparty would enter bankruptcy. The following risks contain some degree of concentration:

- Allianz Nederland has proportionately a large motor insurance portfolio.
- In the life market Allianz Nederland predominantly sells investment policies. This leaves us vulnerable to changing consumer needs.
- Cumulation of counterparty credit risk over different asset classes (e.g. equity investments. fixed income investments and bank deposits). For this cumulative counterparty exposure limits have been defined.
- Ultimo 2010 Allianz Nederland had a gross counterparty credit exposure of EUR 342 mln (2009: EUR 343 mln) to a mid-sized Dutch bank.
- Exposure to natural catastrophes such as windstorms is another special point of attention.

34 Derivative financial instruments

Derivatives derive their market values from one or more underlying assets or specified reference values.

The use of derivatives by individual enterprises in the Group is in compliance with the relevant supervisory regulations and the Group's own internal guidelines. In addition to local management supervision, comprehensive financial and risk management systems are in force across the Group. Further information on the hedged risks and the Group's risk management systems is included in Note 33.

Insurance companies in the Allianz Group use derivatives to manage their investments efficiently on the basis of general investment targets. The most important aspect of these instruments is hedging against adverse market movements for selected securities or for parts of a portfolio. The settlement risk is virtually excluded in the case of exchange traded products, which are standardized products. By contrast, over-the-counter (OTC) products, which are individually traded contracts, carry a theoretical credit risk amounting to the positive market values. Allianz Group therefore closely monitors the credit rating of counterparties for OTC derivatives and diversifies the related risk

over several counter parties. Pursuant to IAS 39, derivative financial instruments are reported under financial assets or liabilities held-for-trading. Gains or losses arising from valuation at fair value are included under trading income (Note 28).

Derivatives are used for hedging open positions. However, the conditions for hedge accounting are not met. The credit default swap was purchased to insure the credit risk of a counter party. To reduce the counter party risk of this CDS a collateral of € 6,810 (2009:€11,820) was received.

Notional principal amounts and market values of open derivative positions as of 12/31*

	Maturity as of 12/31/2010			2010			2009		
	Up to 1 year	1-5 years	Over 5 years	Notional principal amounts	Positive market values	Negative market values	Notional principal amounts	Positive market values	Negative market values
Put options Hartford loans	-	-	1,922	19,852	1,922	-	19,852	2,028	-
Credit default swaps	416	8,124	-	245,000	8,540	-	265,000	12,212	-
Price return swap	-	-	154	20,326	154	-	22,146	1,472	66
Total	**416**	**8,124**	**2,076**	**285,178**	**10,616**	-	**306,998**	**15,712**	66

* Positive and negative market values are shown on a gross basis, i.e. not taking into account netting effects.

35 Fair value

The fair value of a financial instrument is defined as the amount for which a financial instrument could be exchanged between two willing parties in the ordinary course of business. If market prices are not available, the fair value is based on estimates using the present value of future cashflows method or another appropriate valuation method. These methods are significantly influenced by the assumptions made, including the discount rate applied and the estimates of future cash flows. Specific financial instruments are discussed below.

Allianz Nederland uses the following methods and assumptions to determine fair values:

Cash and cash equivalents

The carrying amount corresponds to the fair value due to its short term nature.

Investments (including trading assets and liabilities)

The fair value of fixed-term securities is based on market prices, provided these are available. If fixed-term securities are not actively traded, their fair value is determined on the basis of valuations by independent data suppliers. The fair value of equities is based on their stock-market prices. The carrying amount and the fair value for fixed-term securities and equities do not include the fair value of derivative contracts used to hedge the related fixed-term securities and securities.

The fair value of derivatives is derived from the value of the underlying assets and other market parameters. Exchange-traded derivative financial instruments are valued using the fair value method and based on publicly quoted market prices. Valuation models established in financial markets (such as present value models or option pricing models) are used to value OTC-traded derivatives. In addition to interest rate curves and volatilities, these models also take into account market and counterparty risks. Fair value represents the capital required to settle in full all the future rights and obligations arising from the financial contract.

Financial assets and liabilities carried at fair value through income

The fair values of the assets were determined using the market value of the underlying investments. Fair values of separate account liabilities are equal to the fair value of the separate account assets.

36 Contingent liabilities, commitments and guarantees

Group companies are involved in legal proceedings, involving claims by and against them, which arise in the ordinary course of their business. It is not feasible to predict or determine the ultimate outcome of the pending or threatened proceedings. Management

does not believe that the outcome of the proceedings will have a material effect on the financial position or results of operations of the Group, after consideration of any applicable provisions. Allianz Nederland occupies leased premises and has entered into various operating leases covering the long term use of real estate, motor vehicles, data processing equipment and other office items.

As of the date of the statement of financial position an amount equal to € 44.3 mln (2009: € 34.4 mln) related to rental, lease contracts and other long term agreements.
As of December 31, 2010 the future minimum lease payments under non-cancellable operating leases were as follows:

	€ 1,000
2011	9,019
2012	6,864
2013	6,236
2014	5,299
2015	462
> 5 jaar	2,340
Totaal	**30,220**

As of the end of the year, an amount equal to € 11.6 mln (2009: € 11.1 mln), has been granted in respect of guarantees, of which € 7.4 mln (2009: € 5.2 mln) relates to participation in the terrorism pool.

37 Employee information

At the end of 2010 Allianz Nederland employed a total of 1,367 (2009: 1,485) employees.

Personnel expenses

	2010 € 1,000	2009 € 1,000
Salaries and wages	82,965	80,960
Social security contributions and employee assistance	8,596	8,116
Expenses for pensions and other post-retirement benefits	9,462	(14,458)
Total	**101,023**	**74,618**

The comparative figures have been adjusted for comparison reasons

The line salaries and wages include an amount of € 5,203 (2009: € 1,101) employee termination benefits related to the restructuring program Allianz 2012.

The pension expenses 2009 included a gain of € 24.7 mln from curtailment (€ 17.1 mln), and from final settlement of transferred pension obligations (€ 7.6 mln). Further details with regard to the pension expenses are provided in Note 18.

38 Share based compensation plans and management compensation

Share based compensation plans

Share Purchase plans for employees

Shares in Allianz SE are offered to qualified employees within predefined timeframes at favourable conditions. In order to be qualified, employees must have been employed in continuous service, or had a position as an apprentice, for a period of six months prior to share offer and notice of termination of employment must not have been served. Share purchase plans also include restrictions relating to the amount that the employee can invest in purchasing shares.

The shares are freely disposable after the expiration of the minimum holding period of one year. The number of shares sold to employees under these plans was 2,138 (2009: 3,704). The difference between the exercise price and the market price of Allianz shares of € 16.67 (2009: € 15.52) was reported as part of compensation expense.

Stock Appreciation Rights (SAR) plan

Allianz SE has awarded stock appreciation rights on Allianz shares to members of the management board. Following a two-year vesting period, the stock appreciation rights may be exercised at any time between the 2nd and the 7th anniversary of the effective date of the relevant plan, provided that:

- during their contractual term, the price of Allianz SE shares has outperformed the Dow Jones Europe STOXX Price Index (600) at least once for a period of five consecutive trading days; and
- the share price outperforms the reference price by at least 20% at the time when the rights are exercised. The reference price for the 2010 SAR plan was set at € 87.36 (2009: € 51.95).

Under the conditions of the SAR plan, group companies are obligated to pay in cash the difference between the stock market price of Allianz SE shares on the day the rights are exercised and the reference price as specified in the respective plan. The maximum difference is capped at 150% of the reference price. Upon exercise of the appreciation rights, payment is made in the relevant local currency by the company granting the stock appreciation rights. Stock appreciation rights not exercised by the last day of a plan will be exercised automatically where the necessary conditions have been met. Where these conditions have not been met or a plan participant ceases to be employed, the plan participant's appreciation rights are forfeited.

The SAR plan has been granted as follows:

Grant date	Vesting period years	Reference price €	SARs granted	SARs forfeited/ exercised	SARs remaining
May 03	2	66	21,031	21,031	0
May 04	2	83	12,338	4,499	7,839
May 05	2	93	16,275	5,776	10,499
May 06	2	132	10,315	3,687	6,628
March 07	2	160	10,144	3,689	6,455
March 08	2	117	16,771	3,296	13,475
March 09	4	52	7,739	-	7,739
March 10	4	87	17,922	-	17,922

The fair value as of the grant date of the SARs granted in 2010 was € 269 (2009: € 159) based on the Cox-Rubinstein binomial tree option pricing model.

The following table provides the assumptions used in estimating the fair value of the stock appreciation rights at grant date:

	2010 %	2009 %	2008 %
Expected volatility	29.0%	60.0%	32.0%
Risk-free interest rate	2.7%	2.6%	3.6%
Expected dividend rate	5.6%	6.2%	5.3%
Share price	€ 88,09	€ 55,19	€ 117,38
Expected life (years)	7	7	7

As of December 31, 2010 the intrinsic value of the outstanding SARs amounted to € 367 (2009: € 314).
Allianz Nederland has entered into call options on Allianz SE stock to hedge its future obligations under the SAR plans. As of December 31, 2010 the total value of the Allianz SE call options was € 781 (2009: € 680).

The total compensation expense related to the SAR plan is calculated as the amount by which the quoted Allianz SE share price exceeds the SAR reference price. The total compensation expense is remeasured at each reporting period based on changes in the Allianz SE share price and is accrued over the two-year vesting period. In 2010 the total compensation expense related to the outstanding appreciation rights was € 26 negative (2009: € 28 negative).

Taking into account the expired portion of the vesting period, a provision of € 419 (2009: € 445) was established on December 31, 2010 and reported under the heading Other accrued liabilities.

Restricted Stock Units (RSU) plan

The restricted stock units granted to a plan participant obligate Allianz Group to pay in cash the average market price of an Allianz SE share in the ten trading days preceding the vesting date or issue one Allianz SE share, or other equivalent equity instrument, for each restricted stock unit granted. The restricted stock units vest after five years. Allianz Group will exercise the restricted stock units on the first stock exchange day after their vesting date. On the exercise date Allianz Group can choose the settlement method for each restricted stock unit.

A summary of the number and the weighted-average grant date fair value of the nonvested restricted stock units are as follows:

	Number	Weighted average grant date fair value (€)
Nonvested as of 1/1	**15,339**	**85.29**
Granted	8,897	64.05
Forfeited/Exercised	(1,649)	140,.35
Nonvested as of 12/31	**22,587**	**72.90**

The restricted stock units are accounted for as cash settled plans as Allianz Group intends to settle in cash. Therefore Allianz Group accrues the fair value of the restricted stock units as compensation expense over the 5 year vesting period. During the year ended December 31, 2010, Allianz Group recognized compensation expense related to the nonvested restricted stock units of € 493 (2009: € 365). Taking into account the expired portion of the vesting period, a provision of € 885 (2009: € 392) was established on December 31, 2010 and reported under the heading Other accrued liabilities.

Allianz France Group Stock Option plan

Allianz France Group has awarded stock purchase options on Allianz France shares to directors and managers. The primary objective of the stock option plan is to encourage the retention of key personnel of Allianz Nederland Groep and to link their compensation to the performance of Allianz France Group. Due to Allianz SE obtaining the full ownership of all outstanding Allianz France shares, and with that the ending of the quotation on the stock exchange, the Allianz France Group stock option plan was closed. The valuation of the remaining outstanding options (18.200) will now be dependent on the price of the Allianz SE shares.

Compensation management board

	2010 € 1,000	2009 € 1,000
Short term employee benefit	2,175	1,973
Expenses for pensions and other post-retirement benefits	296	271
Stock based compensation	839	294
Total remuneration	**3,310**	**2,538**

As of December 31, 2010 the management board had five (2009: five) members. The information on compensation concerns the members of the management board who were active at the end of the year.

Pensions and similar benefits

Allianz Nederland paid € 257 (2009: € 239) premiums to pension funds for active members of the management board. As of December 31, 2010 the pension provisions and provisions for similar benefits for the then active members of the management board amounted to € 3.037 (2009: € 2,815). The increase was partly due to a transfer of pension obligations from a former employer.

Remuneration for the supervisory board

In fiscal year 2010, remuneration for the supervisory board amounted to € 110 (2009: € 73). This board has five (2009: five) members.

39 Related parties transactions

In the normal course of business, Allianz Nederland Groep enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Transactions with related parties have taken place on an at arm's length basis. The related party transactions are related to reinsurance transactions and to transactions with the pension funds.

	2010 € 1,000	2009 € 1,000
Reinsurance premiums	51,521	44,582
Reinsurance claims/ commissions	13,735	8,206
Reinsurance assets	69,574	77,932
Reinsurance liabilities	34,532	53,923
Pension fund related expenses	12,070	12,330
Pension fund related assets	344	394
Pension fund related liabilities	3,395	700
Financial assets held for trading	1,922	2,028
Loans and advances to banks	68,982	16,664

Transactions with key management personnel (management board and supervisory board) and post-employment benefit plans are transactions with related parties. These transactions are disclosed in Note 18 Other provisions and Note 38 Share based compensation plans and management compensation.

40 Auditor's fees

Auditor's fees can be specified as follows:

	2010 KPMG Accountants N.V. € 1,000	2010 KPMG other € 1,000	2010 Total KPMG € 1,000	2009 Total KPMG € 1,000
Year end audit services	735	-	735	863
Other audit services	-	24	24	23
Tax advice	-	212	212	191
Other non-audit services	14	214	228	104
Total	749	**450**	1.199	**1.181**

The amounts mentioned above are exclusive V.A.T.

Corporate Financial Statements

41 Notes to the corporate financial statements

General

The corporate financial statements are part of the 2010 financial statements of Allianz Nederland Groep N.V. With reference to the corporate profit and loss account of Allianz Nederland Groep N.V., use has been made of the exemption pursuant to Section 402 of Book 2 of The Netherlands Civil Code (BW2).

Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its corporate financial statements, Allianz Nederland Groep N.V. makes use of the option provided in section 2:362 (8) of The Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the corporate financial statements of Allianz Nederland Groep N.V. are the same as those applied for the consolidated EU-IFRS financial statements. Participating interests over which significant influence is exercised, are stated on the basis of the equity method. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as EU-IFRS). Please see the Notes to the Consolidated financial Statements for a description of these principles.

The share in the result of participating interests consists of the share of Allianz Nederland Groep N.V. in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between Allianz Nederland Groep N.V. and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealized.

42 Statutory statement of financial position as of December 31

ASSETS	Note	2010 € 1,000		2009 € 1,000	
Financial assets					
Participations in group companies and subsidiaries	44		691,096		693,386
Current assets					
Receivables					
Receivables from group companies	44	42,848		42,969	
Tax receivable		155		11,253	
Receivable Cashpool	44	84,115		11,070	
Other receivables	44	5,285		5,482	
Other assets		38		3	
			132,441		70,777
Investments	44		2,476		1,818
Cash and cash equivalents	44		5,103		592
Total assets			**831,116**		**766,573**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2010 € 1,000		2009 € 1,000	
Payables					
Payables to group companies		3,098		15,790	
Taxes payable		4,425		4,822	
Payables Cashpool		84,115		11,070	
Other payables and accrued liabilities	44	5,211		4,575	
			96,849		36,257
Provisions					
Deferred tax liabilty	44	24,194		29,866	
Other provisions	44	45,830		35,481	
			70,024		65,347
Shareholders' equity					
Paid in capital	44	59,813		59,813	
Share premium		76,667		76,667	
Revaluation reserves of subsidiaries	44	53,545		59,123	
Legal reserves	44	6,266		6,301	
Revenue reserves	44	378,100		365,455	
Profit for the year	43	89,852		97,610	
			664,243		664,969
Total liabilities			**831,116**		**766,573**

43 Statutory income statement as of December 31

	2010 € 1,000	2009 € 1,000
Result of subsidiaries	119,781	131,755
Operating expenses	(796)	(190)
Interest income and similar revenue	1,308	2,521
Revaluation of investments held for trading	106	654
Interest cost and similar expenses	(407)	(1,742)
Result before taxes	119,992	132,998
Taxes	30,140	35,388
Result after taxes	**89,852**	**97,610**

44 Notes to the statutory statement of financial position

The development of participations in group companies and subsidiaries is as follows:

	2010 € 1,000	2009 € 1,000
Value stated as of 1/1	**693,386**	**672,553**
Revaluation result	(5,578)	(1,092)
Result after tax	89,288	96,966
Dividends received	(90,000)	(92,000)
Increase of capital	4,000	16,959
Value stated as of 12/31	**691,096**	**693,386**

In 2010 group companies Allianz Nederland Levensverzekering N.V. and Universal Leven N.V. merged. This merger did not impact the value.

Receivables from group companies

The receivables from group companies are generally due in less than one year.

Receivable Cashpool

This is a treasury account with Allianz SE, which is used to invest temporary cash surplusses of the Allianz Nederland Groep and its subsidiaries. The portion held by the subsidiaries is reported under liabilities cashpool. The cashpool balance is payable on demand.

Other receivables

The other receivables are generally due in less than one year.

Investments

Development of the investments during the year is as follows:

	2010 € 1,000	2009 € 1,000
Value stated as of 1/1	1,818	1,265
Additions	839	295
Sales	(155)	(235)
Revaluation	(26)	493
Value stated as of 12/31	**2,476**	**1,818**

Cash and cash equivalents

Cash and cash equivalents include balances with banks payable on demand, checks and cash on hand.

Shareholders' equity

Company capital amounted to € 113.4 mln, of which € 59.8 mln issued capital. The company has issued only one type of share which has a par value of € 1,000. The issued shares are owned by Allianz France International SA in Paris.

Revaluation reserves of subsidiaries

	2010 € 1,000	2009 € 1,000
Value stated as of 1/1	59,123	23,580
Adjustment value of 1/1[1)]	-	36,635
Corrected value stated as of 1/1	**59,123**	**60,215**
Effect of tariff change	342	-
Revaluation result	(5,920)	(1,092)
Value stated as of 12/31	**53,545**	**59,123**

Legal reserve

The legal reserve relates to internally generated software capitalized per year-end.

Revenue reserves

	2010 € 1,000	2009 € 1,000
Value stated as of 1/1	365,455	392,637
Adjustment value of 1/1[1)]	-	(36,635)
Corrected value stated as of 1/1	**365,455**	**356,002**
Addition from profit	97,610	84,104
Dividend paid	(85,000)	(80,000)
Transferred to legal reserves	35	5,349
Value stated as of 12/31	**378,100**	**365,455**

[1)]The adjustment value per January 1st 2009 concerns an adjustment realised/unrealised gains related to intercompany transactions.

Deferred tax liabilities

Tax deferrals are recognized if a future reversal of the difference is expected.

Other provisions

Other provisions are comprised of the following

	2010 € 1,000	2009 € 1,000
Provisions for post-employment benefits	16,269	24,881
Provision restructuring plans	18,056	-
Other staff related provisions	10,201	9,263
Other	1,304	1,337
Total	**45,830**	**35,481**

The other provisions are explained in the Note 18 to the Consolidated Statement of financial position.

Other payables and accrued liabilities

	2010 € 1,000	2009 € 1,000
Pension expenses	105	500
Other	5,106	4,075
Total	**5,211**	**4,575**

Solvency

The available solvency margin expressed as a percentage of the required solvency margin for the group companies amounted to 185% at the end of 2010 (2009: 192%). Further information regarding the internal determined minimum required solvency level and the minimum required solvency level determined by Allianz SE is provided in the risk management paragraph (Note 33).

Liabilities not included in the statement of financial position

With regard to shares held by the company in the subsidiaries there is a conditional obligation to pay up in full to a total of € 69.4 mln (2009: € 69.4 mln).

With regard to group companies, guarantees have been given for an amount of € 1.8 mln (2009: € 2.2 mln).

45 Notes to the statutory statement of financial position

Revaluation of investments held for trading

The revaluation of investments held for trading is explained in Note 4 to the Consolidated Statement of financial position.

Taxes

Taxes are explained in Note 32 to the Consolidated Statement of financial position.

Rotterdam, March 15, 2011

Management board	Supervisory board
R. van het Hof (chairman)	R.J.W. Walvis (chairman)
P.S. Grimberg	G.J. de Boer-Kruyt
S.L. Laarberg	F.W. Fröhlich
C.J.A.M. Schneijdenberg	H. Gloaguen
H.J.J. Schoon	*(since October 22, 2010)*
	B. Redon
	(until September 17, 2010)
	F.M.A.H. Thomazeau
	(until September 17, 2010)
	J. Weber
	(since December 7, 2010)

Other information

46 Subsequent events

Between the statement of financial position date and the date when the annual report was authorized for issue (March 15, 2011) by the supervisory board no events have occurred that should be mentioned in this paragraph.

47 Independent Auditor's Report

To the General Meeting of Shareholders of Allianz Nederland Groep N.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 of Allianz Nederland Groep N.V., Rotterdam, set out on pages 19 to 67. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2010, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2010, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of The Netherlands Civil Code, and for the preparation of the report from group management in accordance with Part 9 of Book 2 of The Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Allianz Nederland Groep N.V. as at 31 December 2010 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of The Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Allianz Nederland Groep N.V. as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of The Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of The Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the report from group management, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the report from group management, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of The Netherlands Civil Code.

Rotterdam, March 15, 2011

KPMG ACCOUNTANTS N.V.
A.J.H. Reijns RA

48 Consolidated subsidiaries

	% owned
Allianz Nederland Levensverzekering N.V., Utrecht[1]	100
Allianz Nederland Schadeverzekering N.V., Rotterdam[1]	100
Allianz Nederland Asset Management B.V., Utrecht[1]	100
Allianz Nederland Administratiekantoor B.V., Utrecht[1 2]	100
AllSecur B.V., Den Bosch[1 2]	100
Beleggingsmaatschappij Willemsbruggen B.V., Rotterdam	100
Havelaar & van Stolk B.V., Rotterdam[1 2]	100
Helviass Verzekeringen B.V., Rotterdam[1]	100
Iteb Schadeservices B.V., Gouda[1 2]	100
London Verzekeringen N.V., Amsterdam[1]	100
Nemian Life & Pensions SA, Luxembourg	100
Orion Direct Nederland B.V., Etten-Leur[1 2]	100

1 Subsidiary forms part of the fiscal unity of Allianz Nederland Groep.

2 General guarantees as referred to in section 403, book 2, of the Dutch Civil Code, have been given by Allianz Nederland Groep N.V. to these subsidiaries.

All consolidated subsidiaries are located in The Netherlands, with exception of Nemian Life & Pensions SA which is based in Luxembourg.

49 Appropriation of result

Proposed profit appropriation

In accordance with article 35 of the articles of association, the General Meeting of Shareholders can dispose of the profit.

The proposed profit appropriation over 2010 is as follows:

	2010 € 1,000
Dividend	83,000
Addition to the other reserves	6,852
Total profit to be appropriated	**89,852**

Addresses

Allianz Nederland Groep N.V.
Coolsingel 139
P.O. Box 64
3000 AB Rotterdam
Telephone (010) 454 19 11
Fax (010) 454 13 10

Allianz Nederland Schadeverzekering N.V.
Coolsingel 139
P.O. Box 64
3000 AB Rotterdam
Telephone (010) 454 19 11
Fax (010) 454 13 10

Business Unit Agency:
Allianz Nederland Schadeverzekering
Coolsingel 139
P.O. Box 64
3000 AB Rotterdam
Telephone (010) 454 19 11
Fax (010) 454 15 51

Business Unit Brokers and International:
Allianz Global Risks Nederland
Per 1th of November 2010:
Allianz Nederland Corporate
Coolsingel 139
P.O. Box 441
3000 AK Rotterdam
Telephone (010) 454 19 22
Fax (010) 454 11 99

Business Unit Income Insurance:
Allianz Inkomensverzekeringen
Dr. J.M. den Uylsingel 16-18
P.O. Box 322
2400 AH Alphen aan den Rijn
Telephone (0172) 42 93 00
Fax (0172) 42 93 99

Allianz Nederland Levensverzekering N.V.
Buizerdlaan 12
P.O. Box 9
3430 AA Nieuwegein
Telephone (030) 281 42 42
Fax (030) 288 18 61

Allianz Nederland Asset Management B.V.
Buizerdlaan 12
P.O. Box 40
3430 AA Nieuwegein
Telephone (030) 607 76 51
Fax (030) 603 02 69

London Verzekeringen N.V.
Weesperzijde 150
P.O. Box 95350
1090 HJ Amsterdam
Telephone (020) 561 86 18
Fax (020) 561 86 80

Universal Leven N.V. (until 9th of September 2010)
Buizerdlaan 12
P.O. Box 134
3430 AC Nieuwegein
Telephone (030) 698 61 40
Fax (030) 698 61 41

Iteb Schadeservices B.V.
Coolsingel 139
Postbus 169
3000 AD Rotterdam
Telephone (0182) 56 94 21
Fax (0182) 56 94 38

Havelaar & van Stolk B.V.
WTC Beursplein 37
P.O. Box 30022
3001 DA Rotterdam
Telephone (010) 281 67 77
Fax (010) 281 67 99

AllSecur B.V.
Stationsplein 50
P.O. Box 1951
5200 BZ Den Bosch
Telephone (073) 548 50 00
Fax (073) 548 50 01

Orion Direct Nederland B.V.
Stationsplein 25
P.O. Box 6
4870 AA Etten-Leur
Telephone (076) 502 50 50
Fax (076) 502 50 51

Credits

Publication

Allianz Nederland Groep N.V.
Corporate Communications
P.O. Box 64
3000 AB Rotterdam
Telephone (010) 454 1840
www.allianz.nl

Text

Bondt Communicatie, Breda

Design

Allianz Nederland, Corporate Communications
This annual report is available in digital format only on the website www.allianz.nl.

Sharing knowledge
Promise
Allianz Group
Asset Management
Life
Small and medium enterprises
Customer
Transparency
Claims
Best practices
Profitable Growth
Masterclass

Allianz Nederland Groep N.V.
Coolsingel 139
Postbus 64
3000 AB Rotterdam
Tel. (010) 454 1911
Fax (010) 454 1310
www.allianz.nl

100120-21