

Our analyses show that the population is increasingly accepting the necessity of assuming individual responsibility for old-age provision. For this reason, we expect new business to continue its growth in the **current fiscal year**. To some extent, that is contingent upon the fiscal environment. Against this backdrop, we are expanding our product offerings, particularly in two areas: in view of the upcoming Law on the taxation of pensions and annuities (Alterseinkünftegesetz), we will develop new retirement provision products. We will also substantially expand our offer for three target groups, namely children, families and senior citizens. Given a stable development of the capital markets, and on the basis of thorough risk management, we expect three-digit after-tax earnings.

Health insurance

Premium income of Allianz Private Krankenversicherungs-AG rose 3.3 percent to 3.0 billion euros. The main contributing factors to premium growth of 4.4 percent in the core health insurance business were rate adjustments to compensate for higher health care costs, new business and the legal premium supplement. Revenues from mandatory care insurance dropped off 9.1 percent to 209 million euros, due to a market-wide rate cut. The number of policyholders increased by 2.9 percent to some 2.3 million. The higher income limit for mandatory health insurance that took effect on January 1, 2003, and the uncertainty on the part of potential customers as a result of the ongoing debate about a reform of the German health care system reduced the number of contracts for comprehensive insurance packages. Inversely, supplementary insurance sales picked up noticeably.

The **claims ratio** improved to 68.7 percent, compared to 71.0 percent in the previous year. Given the constant rise of health care costs, an increase in the claims ratio might have been expected. That it did not occur is due to the success of our claims and health management. Through the optimization of our operating and distribution structures, we improved the **expense ratio** to 10.4 (10.6) percent.

Net investment income was up 133 to 554 million euros.

Earnings after taxes dropped to 5 (64) million euros, essentially due to the new tax laws. Total tax charge amounts to 200 million euros.

Allianz Private Krankenversicherung

		2003	2002	2001
Gross premiums	€ mn	2,960	2,865	2,691
Premiums earned (net)	€ mn	2,959	2,794	2,616
Claims ratio	%	68.7	71.0	73.1
Expense ratio	%	10.4	10.6	9.9
Earnings after taxes	€ mn	5.4	63.6	48.0
Investments	€ mn	13,309	12,132	10,940
Employees		3,966	3,947	3,926

Due to a moderate rise in the claims trend in past years, we expect lower rate adjustments in the **current fiscal year** and little change in premium income at Allianz Private Krankenversicherungs-AG.