

The insurance sector as a financial intermediary

In Germany, the insurance sector, which is the second-largest group of financial intermediaries after banks, has traditionally played a key role in households' financial investment. For various reasons, it has shifted more closely into the public eye in the past few years. One reason is that, since 2002, changes to the relevant regulations have considerably increased the prominence of occupational and privately funded old-age pension schemes. Another is that the investment policies of life insurance corporations, in particular, have been the subject of intense debate. In the wake of the stock market boom, life insurance corporations increasingly added shares and foreign assets to their portfolios, which had traditionally featured domestic fixed-rate securities. The equity market slump meant that this investment behaviour – which has since been reversed in some cases – led to a visible decline in valuation reserves. Owing to the relief in depreciation requirements granted in this connection, some instruments even began to accumulate "hidden losses". As the insurance industry undertook consolidation measures and stock prices have now recovered, however, insurance corporations' situation has taken a turn for the better.

Macroeconomic functions performed by financial intermediaries

Improving the allocation of risk and capital

In Germany, financial intermediaries play a central role in the flow of funds in the economy as a whole. Owing to transaction costs and information asymmetry, households are usually not directly active on the capital markets. Rather, they employ the services of financial intermediaries who are capable of more efficiently and cost-effectively reconciling the supply and demand of capital given the aforementioned market imperfection. By functioning as pools of capital, these financial intermediaries generally improve the allocation of capital – and the allocation of risk as well – thereby ultimately enhancing the efficiency of the economy.

Significance of banks, insurance corporations and mutual funds

The total amount of financial assets invested with intermediaries by households, non-financial corporations and general government, at €3½ trillion according to the financial accounts, exceeded by far the amount of shares or bonds purchased directly on the capital market by the non-financial sectors. This dominance of “intermediary” institutions is mirrored by the financing side of non-financial areas, too. Within the institutional investor sector, too, banks, or more precisely, monetary financial institutions (MFIs), were by far the largest financial intermediaries in terms of their balance sheet total, which amounted to €5.4 trillion at the end of 2003. The private insurance sector¹ accounted for just under one-fifth (€1.3 trillion) of the balance sheet total of financial intermediaries in Germany. By contrast, the total liabilities of “other financial institutions”, which include,

first and foremost, mutual funds and which reported a volume of just over €800 billion at the end of 2003, account for around one-tenth of the German financial sector.

Role of insurance corporations in the saving process

A core task of the private insurance sector is to protect against individual risks resulting from changing fortunes in human life. Such protection hinges on the calculability of risks. These risks include various types of damage risk as well as health, death and longevity risks. In this function, private insurance schemes complement social security systems. However, these two sectors are funded by fundamentally different means. Whereas the contribution payments to private insurance schemes are calculated according to the equivalence principle, redistribution aspects are still a major factor in public insurance systems.

Hedging individual risks

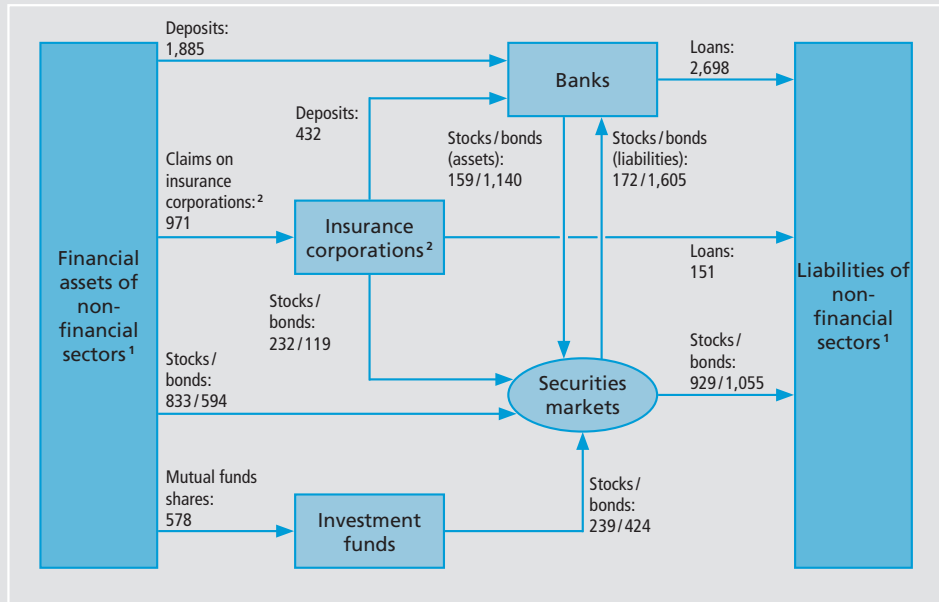
So-called “insurance technical reserves”, which are made up of contributions by and interest credited to the insured, are formed to cover the assumed risks. At the end of 2003 they amounted to just over €1 trillion, or around 80% of the entire balance sheet total. Since many insurance corporations are run as public limited companies, the amount of shares in circulation valued at market

Claims against insurance sector

¹ According to the ESA '95 definition, the insurance sector is made up of “insurance corporations and (autonomous) pension funds” (such as pension funds, occupational pension schemes and supplemental insurance schemes). Social security funds, by contrast, are part of general government.

Status of the private insurance sector in the German financial system *

€ billion, 2003 end-of-year levels



* Simplified diagram (including financial relations with the rest of the world). — 1 Households, non-financial corporations and general government. — 2 Including pension funds.

Deutsche Bundesbank

prices, the second most important item on the liabilities side, was around €140 billion and hence only very slightly lower than that of all banks.

Households are the main investor in the insurance sector. In 2003 they accounted for around 90% of all claims or, to be precise, insurance technical reserves. The claims of the corporate sector and of non-residents amounted to only 4% and 6% respectively. Since 1991, households' claims on insurance corporations and pension funds have risen much faster than their financial assets, ie from nearly €400 billion to just over €900 billion last year. However, this growth slowed down somewhat after 2000. This was due less to an ebbing of interest in insurance products and more to a decline in capital bo-

nuses caused by falling capital market rates and lower share prices.

If one analyses the acquisition of financial assets over the long term, insurance saving is playing a distinctly increasing role in households' investment decisions. After accounting almost invariably for around 15% of overall financial investment over a 30-year period since 1950, insurance saving rose to nearly 30% in the 1980s and, after reunification, went up to as high as one-third of total household investment. After the years of reconstruction, an increased trend towards hedging risks and the establishment of the practice of making private provisions for old age have contributed to this development. In addition, the preferential tax treatment of life insurance and private pension insurance,

Long-term trend in saving through insurance corporations

Households' financial investment in a long-term perspective *

%						
Item	1950-59 ¹	1960-69 ²	1970-79 ²	1980-89 ²	1991-99 ³	2000-03 ³
Financial investment						
in insurance corporations ^{4,5}	14.9	16.3	17.1	28.0	36.2	35.9
in banks ⁶	67.0	65.1	61.3	39.9	31.1	26.2
Currency and transferable deposits	14.6	9.6	8.0	6.6	13.3	31.4
Time deposits ⁷	1.9	1.0	4.9	8.5	- 1.0	0.7
Savings certificates	.	1.1	7.5	7.8	- 1.1	- 1.6
Savings deposits ⁷	50.5	53.5	40.9	17.0	19.8	- 4.3
in investment funds	.	.	.	.	17.0	33.8
in securities	6.7	13.7	14.6	23.2	11.1	- 4.6
Bonds ^{8,9}	4.7	9.5	13.8	22.3	5.4	9.9
Shares ⁸	2.0	4.1	0.8	0.9	2.7	- 16.9
Other equity	.	.	.	.	3.0	2.4
Claims from company pension commitments	11.4	4.9	7.0	8.9	4.6	8.7
Total	100	100	100	100	100	100
<i>Memo item</i>						
Total financial investment as % of disposable income	8.1	11.1	13.5	11.4	12.5	9.3
Financial investment in insurance corporations as % of disposable income	1.2	1.8	2.3	3.2	4.5	3.3

* Including private non-profit organisations. — 1 Western Germany excluding Saarland and West Berlin. — 2 Western Germany. — 3 Germany as a whole. — 4 Including pension funds, burial funds and occupational pension schemes; from 1991, also including supplementary schemes. — 5 Including other claims (especially against insurance corporations). — 6 In Germany and abroad. —

7 Up to 1998, deposits with savings and loan associations are included under savings deposits and from 1999 (in accordance with the banking statistics) under time deposits. — 8 For western Germany, including indirect purchases of domestic and non-resident mutual funds shares. — 9 Including money market paper.

Deutsche Bundesbank

along with attractive real rates of return, have played a major role. Lately, too, the debate about the sustainability of the pay-as-you-go statutory pension insurance scheme and the increasingly apparent need for a supplementary private old-age provision scheme have given a boost to the demand for relevant insurance products.

It is instructive to take a look at the various insurance sectors in which households are holding financial assets. At the end of 2002 – more recent information is not yet available – investment in life insurance corporations, which accounted for just over €550 billion, or just under two-thirds of the market, played the dominant role. This comes as no surprise given the fact that it is precisely traditional life insurance schemes which have

served as longer-term capital investment vehicles and also often as old-age provision instruments. Private health insurance schemes, too, have now accumulated a considerable capital stock of nearly €90 billion. These reserves serve to cushion the impact of sharply rising healthcare costs during old age and thus to keeping contributions relatively stable. Damage and accident insurance schemes hold €55 billion worth of assets, lagging far behind the other insurance sectors in terms of the amount of assets held by each of these sectors. In these schemes, asset formation is much less important than ongoing claims adjustment.

In addition to holding claims against insurance corporations in the stricter sense, households also hold claims on various pension

... in pension funds

Financial assets held in insurance sectors as well as...

funds which, in their function as institutional investors and as old-age provision schemes, are comparable to life insurance corporations. At the end of 2002, assets invested in them amounted to nearly €200 billion, or just over one-fifth of all claims against the insurance sector. If, for ease of international comparison, the claims on company-based pension schemes, which are especially formed by manufacturing enterprises for making pension payments, were included, the resulting amount would be twice as high.

Saving through insurance corporations by different types of household

Widespread use of saving through insurance corporations

The results of various surveys show that households regard insurance corporations as playing a very important role in capital investment. One survey shows that just under half of all households hold some sort of life insurance policy and nearly one-fifth a private pension insurance policy.² This is consistent with asset-related information contained in the Federal Statistical Office's income and expenditure survey (*Einkommens- und Verbrauchsstichprobe*, hereinafter EVS) of 2003, which records not only claims against insurance corporations³ but also other key financial assets. The survey finds that over 20 million households – or just over half of all households – possess some sort of insurance assets. Only bank deposits are more widespread. In terms of volume, too, insurance saving ranks behind bank-based saving but is far ahead of all other forms of saving, a finding which is confirmed by financial accounts figures. At the beginning of 2003, each Ger-

man household held, on average, nearly €12,000 worth of insurance assets, which accounts for just over one-quarter of all financial assets recorded in EVS. A comparison between eastern and western Germany shows distinct differences; west German figures were double those of eastern Germany. However, it must be noted that the role of the private insurance sector was negligible in the former German Democratic Republic; for that reason, financial investment in insurance corporations in the new Laender in the early 1990s was virtually a non-factor.

In addition, EVS provides useful information on the breakdown of assets invested in insurance corporations by the social status, income and age of the investors. Of the groups of society recorded, the self-employed accounted for the largest amounts invested by far. At just under €40,000, their value was around three and a half times the average of all households. Civil servants and salaried staff averaged €15,000 per household. The main reason for this wide gulf is that the self-employed often use private insurance to provide for old age, whereas the other groups are mainly included in the public social security systems. In addition, income is clearly an important factor: the value of insurance assets rises constantly in line with the income categories reported in EVS. Whereas households with a net monthly income of under €2,000 averaged only slightly more than €5,000 in assets, the comparable value for

Differentiation by type of household

² See Allensbacher Markt- und Werbeträgeranalyse (market and advertising media analysis) 2004.

³ EVS contains, *inter alia*, information on life insurance, private pension insurance and burial insurance.

Households' average insurance assets *

€

... by social status of the main earner

Self-employed	Civil servants	Salaried staff	Wage earners	Unemployed	Non-labour-force participants	of which Pensioners	Retired civil servants
39,600	16,800	14,000	10,200	5,300	5,600	5,400	9,800

... by net monthly household income from € ... but less than € ...

under 900	900–1,300	1,300–1,500	1,500–2,000	2,000–2,600	2,600–3,600	3,600–5,000	5,000–18,000
2,100	4,000	5,900	8,400	12,400	17,500	26,800	54,300

... by age of main earner from ... but less than ... years of age

under 25	25–35	35–45	45–55	55–65	65–70	70–80	80 and up
1,200	4,300	10,600	20,000	22,200	7,700	3,000	1,800

Source: Federal Statistical Office, EVS 2003. — * Assets in the form of life insurance, private pension insurance,

burial insurance, education insurance and wedding insurance (as at 1 January 2003).

Deutsche Bundesbank

the highest income bracket was ten times higher. Finally, the age-related data support, to a certain degree, the life-cycle hypothesis that households tend to try to smooth their consumption by adjusting their saving and borrowing patterns accordingly over time and by not orienting themselves as much to their current income situation.⁴ In the case of insurance, the saving process reached its maximum in the 45-65 age range; all other age groups had significantly lower holdings of such assets. However, the insurance assets that were the subject of the EVS survey had not been depleted by old age, either. This is likely to be associated primarily with private pension funds and burial insurance policies.

EU-wide comparison of households' investment in insurance products

It is also true for other west European EU member states that households have relatively sizeable claims against the private insurance sector. The extent of such financial assets is closely linked with the specific design of social insurance and company pension systems. Like France, Germany was in the middle of the pack of large EU member states in 2002, with insurance assets amounting to just over 50% of nominal gross domestic product (GDP). Claims were much greater in the United Kingdom and the Netherlands, at just over 130% and 140% of GDP respectively. Italy and Spain, with claims amounting to

Insurance assets especially high in United Kingdom and Netherlands...

⁴ For details see the explanatory notes on page 39.

one-third and one-quarter of GDP respectively, lagged far behind. The major importance of life insurance in the United Kingdom and, more decisively, the widespread use of individual and company pension schemes have caused insurance saving to reach such proportions in the United Kingdom and the Netherlands. As a result, claims on pension funds have reached similarly high levels.

*...yet down
dramatically
following stock
market slump*

However, developments have varied greatly from one country to another over the past few years. In France, Germany, Italy and Spain, households' financial investment in insurance corporations has continued to go up; in the Netherlands and the United Kingdom, by contrast, such investment has dropped sharply. In the Netherlands, the drop relative to GDP was just under 30 percentage points between 1999 and the end of 2002; in the United Kingdom, such investment fell by even twice this figure. The drop in share prices since 2000 has had a lasting effect on the assets of insured persons. One reason is the large share of unit-linked life insurance policies, whose accumulated capital is generally not guaranteed and which are strongly oriented to shares; another reason is that pension funds' investment in shares, whose value plummeted in 2001 and 2002, contributed to these capital losses.

It is true that such sharp shifts in assets have had hardly any major impact in Germany because equity investment accounts for a smaller share of capital investment there than, for instance, in the UK insurance sector owing, among other things, to relevant investment regulations. However, since German insur-

Households' claims on the insurance sector in selected EU countries

As a percentage of GDP, end-of-year levels

Country	1999	2002
Germany ¹	47.5	53.4
Spain	21.9	25.1
France	50.9	54.7
Italy	26.1	31.1
Netherlands	168.9	141.7
United Kingdom	188.7	131.9
<i>Memo item</i>		
Percentage of total financial assets		
Germany ¹	26.6	30.7
Spain	12.1	16.1
France	22.4	30.0
Italy	11.2	15.8
Netherlands	55.3	58.9
United Kingdom	55.1	53.4

Source: Eurostat. — ¹ Including claims from company pension commitments.

Deutsche Bundesbank

ance corporations' share prices have also dropped precipitously, with capital market yields likewise declining, remuneration of insurance assets in Germany, too, has been falling almost steadily over the past few years.

Insurance corporations' capital market status and investment behaviour

Insurance corporations' investment behaviour changed considerably during the 1990s. They tended to invest more heavily in the equity market and in mutual funds, at the expense of fixed-interest securities and bank deposits (for details see the tables on pages 41 and 42). The greatest growth was shown by mutual funds shares, whose share in total capital investment doubled. Most of these were spe-

*Mutual fund
shares*

cialised funds tailored by each investment corporation to the individual needs of its investors. These indirect investments have a number of advantages for insurance corporations. One is that they often provide a cost-effective alternative to establishing an independent portfolio management and research section. Equity portfolio, investment in foreign currency and investment on foreign capital markets are the most prominent examples. Another reason is that, for a long time, indirect investment in securities through mutual funds afforded greater accounting leeway and tax advantages since, prior to the introduction of the International Financial Reporting Standards (IFRS), mutual funds shares were eligible to be counted as an independent investment instrument valued at historical costs in insurance corporations' balance sheets. This meant, for instance, that valuation gains could be realised in a tax-neutral manner, and it was easier to cushion the balance sheet impact of valuation losses since the valuation basis was geared to the performance of total assets in the fund and not to the movements of individual instruments within the fund. Since the introduction of the IFRS, however, it has been mandatory for shares in a fund over which economic control is being exerted to be recorded at fair market value and broken down by individual investment category in the investor's balance sheet. The composition of investments in specialised funds will therefore also be reflected in insurance corporations' balance sheets in the future.

Domestic and foreign shares and foreign bond market investment form the focal point

of insurance corporations' specialised assets managed by investment companies. Shares made up 30% of all capital investments held via specialised funds at the end of 2003, and foreign equities accounted for nearly two-thirds of this while just under two-thirds of indirect bond market investment involved debt securities issued by non-residents.

Insurance corporations' direct portfolio investment in shares, however, continues to constitute a relatively small percentage of capital investment. At the end of 2003, very similarly to ten years earlier, it made up around 2% of all capital investment valued at market prices. By contrast, the significance of participating interests and shares in affiliated enterprises has risen significantly. At the end of 2003, they accounted for just under 16% of German insurers' total capital investment, compared with 8% a decade earlier.

Shares and participating interests

Over the past ten years, investment in fixed-interest securities, unquoted registered paper and borrowers' notes and other deposits, which accounted for the lion's share of portfolios, has become increasingly less important. At the end of 2003 they accounted for 42% of insurers' total capital investment, as opposed to 52% ten years earlier. This drop was even more pronounced at some points during this period. Against the background of the euphoric mood on the stock markets in 1999 and 2000, the share of these conventional capital investment instruments in total investment even fell to 40%. It was only following the sharp collapse in stock prices that investment in bonds and bank deposits went back up relatively strongly.

Bonds and bank deposits

*Competitive
situation
favours riskier
investments*

The importance of surplus revenue for attracting new customers and thus for individual companies' efforts to stake a position in the market, is one of the forces driving insurers, particularly life insurance corporations, to enter into higher-yielding, higher-risk forms of investment. The current overall return on investment, which exceeds the statutory minimum rate of return and is boosted by profit-sharing, is generally closely observed. In the boom years, insurers competed with yields on investment products such as mutual fund shares and adjusted the rates of return upwards. In the leaner years, however, profit distribution was not greatly reduced, in order to remain competitive. New investment in fixed-interest securities and bank deposits would not have been enough to generate net rates of return on capital investment ranging on a sectoral average from 7.5% in 2000 to 5% in 2003⁵ given long-term capital market rates of 5.3% and 4.1% respectively; rather, these returns were the result of far-sighted investment policies taken over the two preceding decades. The net rates of return were thus well in excess of the statutory minimum rates of return on life insurance contracts at the time, ie 4% before 2000 and 3.25% from the year 2000.⁶ Despite this, in the following years life insurance corporations, in particular, were forced to grapple with massive depreciations because of the direct and indirect possession of shares and participating interests in conjunction with the stock market slump, which had a severe impact on profit and loss accounts.

In order to cushion the impact of these special events, in the interests of insured persons

New investment regulation

The beginning of 2002 saw the entry into force of the new investment regulation, which defines investment opportunities and investment limits for insurance corporations, thereby superseding section 54a of the Insurance Supervision Act (*Versicherungsaufsichtsgesetz*). The maximum amount eligible for investment in shares was increased from 30% to 35% of the cover fund assets. In addition, for the first time, asset-backed securities and credit derivatives (solely credit-linked notes, which are a combination of a bond and a credit protection transaction) were included in the investment catalogue up to a maximum volume of 7.5%, and investment opportunities outside the European Economic Area were extended.¹ Investment in hedge funds has also been allowed since 2004.

¹ The European Economic Area comprises the EU member states as well as Iceland, the Principality of Liechtenstein and Norway.

Deutsche Bundesbank

and the financial system as a whole alike, insurance corporations were granted relief in depreciation requirements in 2002 through an amendment to section 341b of the German Commercial Code. It is now legal not to depreciate equity portfolio losses if the valuation loss is likely to be temporary. Such temporary losses have been specified by the Institute of German Auditors (*Institut der*

*Impact of relief
in depreciation
requirements
granted*

⁵ See German Insurance Association (*Gesamtverband der deutschen Versicherungswirtschaft*): Statistisches Taschenbuch der Versicherungswirtschaft 2004 (Statistics manual for the insurance industry), Table 17, und press release (42/2004) of 10 November 2004.

⁶ At the beginning of this year, the statutory minimum rate of return was reduced once again, to a current level of 2.75%. From 1960, the statutory minimum rate of return had been 3% for new contracts for just over 25 years, before being increased in two steps to 4%.

deutschen Wirtschaftsprüfer, IDW).⁷ According to a simple criterion, the book value of a share, for instance, needs to be depreciated only if it is higher than the average price of the previous 12 months plus a 10% add-on. On balance, this had led to an accumulation of hidden losses among life insurance corporations; however, most of them were offset by the recovery of the equity markets in the past year and by increases in the price of debt securities. The netted hidden losses on mutual fund shares accumulated through non-

depreciation, which amounted to approximately €11 billion in 2002, were reduced to below €2 billion by the end of last year. With an amount of around €22 billion in total capital investments at the end of 2003, valuation reserves had returned to the positive zone.

⁷ See *Versicherungsfachausschuss (VFA) zur Bewertung von Kapitalanlagen bei Versicherungsunternehmen* (Expert Committee on Insurance for Valuing Capital Investment for Insurance Corporations), in: *IDW Aktuell* of 2 October 2002 and IDW comment on accounting practices: guideline for interpreting section 341b of the (new) German Commercial Code (IDW RS VFA 2).

Financial assets and liabilities of the insurance sector *

End-of-year levels; € billion

Item	1991	1993	1995	1997	1999	2000	2001	2002	2003
Financial assets									
Currency and deposits	164.41	197.24	256.85	310.86	361.23	381.43	398.96	416.28	432.04
Currency and transferable deposits	3.77	4.67	5.62	6.99	8.54	9.16	11.79	15.58	14.55
Time deposits ¹	154.37	183.83	238.25	287.63	334.04	353.32	369.45	383.54	401.63
Savings deposits ¹	0.20	0.21	0.42	0.90	1.12	1.17	0.82	0.87	0.48
Savings certificates	6.07	8.54	12.55	15.34	17.52	17.78	16.90	16.29	15.39
Bonds	79.65	106.01	110.21	110.44	97.72	87.49	92.14	97.12	118.69
Shares ²	32.07	58.70	65.57	133.72	219.89	217.06	225.77	193.18	232.32
Other equity	8.19	11.35	14.18	17.01	20.96	24.05	26.71	30.10	29.87
Mutual funds shares	43.27	73.39	84.58	150.71	261.80	278.59	264.75	249.83	273.89
Loans	90.93	99.55	106.78	111.39	108.45	112.99	125.78	144.07	151.16
Short-term loans	1.54	2.67	2.87	3.94	6.75	11.25	12.54	16.38	17.27
Longer-term loans	89.39	96.88	103.91	107.45	101.70	101.73	113.25	127.70	133.89
Other claims	25.81	31.19	35.41	39.64	47.64	51.71	56.46	60.33	63.52
Total	444.33	577.42	673.58	873.77	1,117.69	1,153.32	1,190.57	1,190.92	1,301.49
Liabilities									
Bonds and notes	0.40	0.47	0.02	0.02	0.30	1.46	1.48	1.77	1.87
Shares	95.64	142.88	145.60	238.11	333.36	304.60	239.37	85.71	140.90
Loans	1.67	2.74	3.54	6.59	6.57	7.27	9.46	12.75	17.35
Short-term loans	0.84	2.00	2.30	4.00	3.32	4.88	6.98	9.43	11.30
Longer-term loans	0.83	0.74	1.25	2.59	3.25	2.39	2.48	3.32	6.05
Insurance technical reserves	412.02	495.69	593.09	709.98	836.25	897.25	954.36	992.72	1,027.42
Short-term	67.73	84.36	101.33	120.12	136.07	142.32	154.25	162.04	170.61
Longer-term	344.29	411.33	491.76	589.86	700.18	754.93	800.11	830.68	856.81
Company pension commitments	5.73	6.40	6.97	7.25	7.69	8.41	9.05	10.09	11.13
Other liabilities	28.12	33.46	38.87	50.34	79.05	81.94	95.54	112.45	118.40
Total	543.59	681.64	788.09	1,012.29	1,263.21	1,300.94	1,309.26	1,215.49	1,317.07
Net financial assets ³	- 99.26	- 104.22	- 114.51	- 138.52	- 145.52	- 147.62	- 118.70	- 24.58	- 15.58

* Insurance corporations including pension funds, burial funds, occupational pension schemes and supplementary pension schemes. — ¹ Up to 1998, deposits with savings and loan associations are included under savings deposits

and from 1999 (in accordance with the banking statistics) under time deposits. — ² Including participating interests and shares in affiliated enterprises. — ³ Financial assets less liabilities.

Financial assets and liabilities of insurance corporations and pension funds

End-of-year levels; € billion

Item	Insurance corporations ¹				Pension funds ²			
	1999	2000	2001	2002	1999	2000	2001	2002
Financial assets								
Currency and deposits ³	300.33	316.36	331.35	342.97	60.89	65.07	67.61	73.31
Bonds	73.79	65.04	72.35	76.63	23.94	22.45	19.78	20.49
Shares ⁴	215.67	212.89	221.84	190.48	4.22	4.17	3.93	2.70
Other equity	19.66	23.75	26.47	29.78	1.31	0.30	0.24	0.32
Mutual funds shares ³	193.89	206.57	196.92	190.47	67.91	72.02	67.83	59.36
Loans ³	95.60	100.48	112.53	127.90	12.85	12.51	13.25	16.17
Other claims	43.66	47.66	52.34	55.91	3.98	4.05	4.12	4.42
Total	942.59	972.75	1,013.79	1,014.15	175.10	180.56	176.77	176.76
Liabilities								
Bonds	0.30	1.46	1.48	1.77	0.00	0.00	0.00	0.00
Shares ³	325.65	297.70	234.61	84.00	7.71	6.90	4.76	1.72
Loans ³	6.29	6.94	9.36	12.63	0.28	0.33	0.10	0.12
Insurance technical reserves	671.67	721.09	769.74	801.26	164.58	176.17	184.62	191.46
Short-term	135.98	142.18	154.20	161.97	0.08	0.13	0.06	0.07
Longer-term	535.69	578.90	615.55	639.29	164.49	176.03	184.56	191.39
Company pension commitments ³	7.61	8.32	8.96	9.99	0.08	0.09	0.09	0.10
Other liabilities	78.25	81.18	94.89	111.61	0.80	0.75	0.65	0.84
Total	1,089.77	1,116.69	1,119.05	1,021.26	173.44	184.24	190.22	194.23
Net financial assets ⁵	- 147.18	- 143.94	- 105.25	- 7.11	1.66	- 3.68	- 13.44	- 17.47

¹ Life insurance corporations, burial funds, health insurance corporations, damage and accident insurance corporations and reinsurance corporations. — ² Pension funds, occupational pension schemes and supplementary

pension schemes. — ³ Calculated by the Bundesbank based on information from BaFin. — ⁴ Including participating interests and shares in affiliated enterprises. — ⁵ Financial assets less liabilities.

Deutsche Bundesbank