

Annual Report 2010 · Financial Statements

EURO-AVIATION
VERSICHERUNGS-AKTIENGESELLSCHAFT
Hamburg

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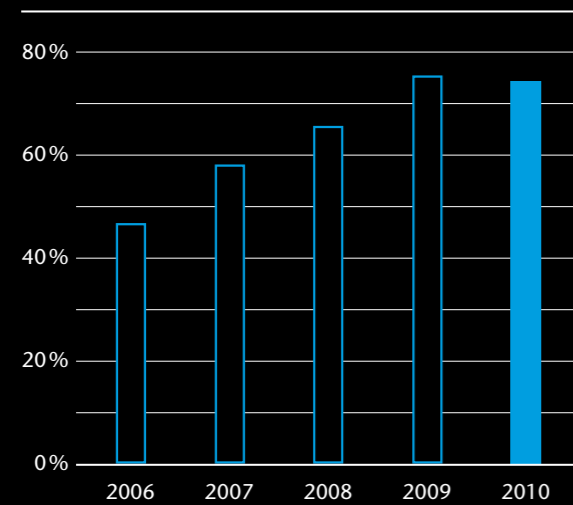




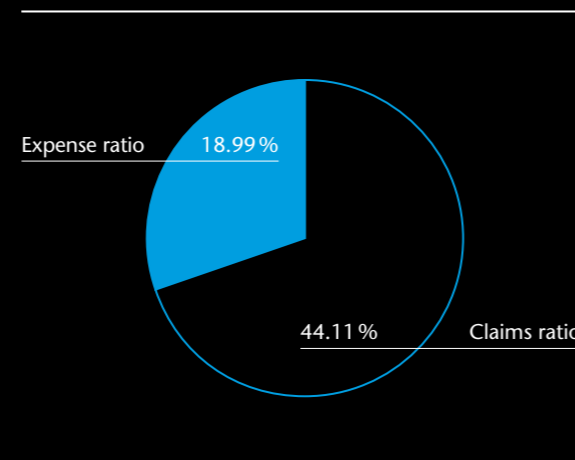
Key Figures

		2010	2009	2008	2007	2006
Gross premiums written	Thou €	11,897	12,871	13,248	13,381	12,844
Change from previous year	%	-7.57	-2.84	-1.00	4.18	8.08
Underwriting result	Thou €	543	742	603	854	1,125
Shareholders' equity	Thou €	4,093	4,032	3,789	3,632	3,026
Insurance reserves	Thou €	10,949	11,427	10,415	10,227	13,308
Equalisation	Thou €	979	729	780	588	481
Operating result	Thou €	569	833	685	975	1,223
Net income	Thou €	370	534	458	605	725
Combined Ratio (net)	%	73.99	75.30	66.66	58.28	47.18
Combined Ratio (gross)	%	63.10	82.09	75.15	57.42	71.67

Combined Ratio (net)



Combined Ratio 2010 (gross)



Since our foundation, EURO-AVIATION Versicherungs-AG has been committed to aviation insurance. The company was founded in 1994 and is specializing in aviation insurance. All shares of the company are 100% held by private owners.


The main underwriting-territory of EURO-AVIATION is Germany and the member-states of the EU, e.g. Austria, Spain, Italy and the Netherlands.


Insurance Programmes offered encompass: Aviation Hull, Third Party Legal Liability (TPLL), Personal Legal Liability (PLL), Personal Accident (PA) and General Liability.

EURO-AVIATION's philosophy of doing business is built upon the long-standing experience of our founders, focused on building close and mutually beneficial partnerships with our clients and business partners on a long term basis.

A strict risk management strategy regarding our own liabilities remains a core value of our company. EURO-AVIATION business is reinsured with only top-rated reinsurers. We aspire towards organic growth, and to retain our present position as an Insurer specialised in General-Aviation-Risks.

Hamburg, 10. March 2011


 Michael Fischer
 (CEO)


 Dr. Torsten Betzel

Results

Positive total returns

The annual financial statements of EURO-AVIATION Versicherungs-AG for the 2010 financial year once again demonstrate a generally successful result. Given the difficult economic conditions and historically low interest rates, EURO-AVIATION produced a return on equity of 9.13% compared with 13.67% last year. The balanced structure of our insurance portfolio, coupled with a reinsurance concept which is ideal for our needs, formed the foundation for successful business policies in the past financial year.

Gross written premium reduced to € 11,896,675.57. The reduction was primarily due to the strong competition in the EU-insurance-markets. We have had to lapse or not renew some business and restrict our new business due to inadequate pricing and economic conditions.

Profits from capital investments did not develop to the extent we had enjoyed in the former years. For individual investments, in particular in shares and corporate bonds, we were able to make some development. As a result of continued low interest rates our investment income, net of borrowing costs and expenses, has been stabilized at a relatively modest level. Nevertheless we continue to remain focused on the short end of the yield curve, providing us with flexibility as interest rates rise.

The technical business made a significant contribution to net operating profit.

Claims and operating expenses as a percentage of premium income (Combined Ratio) reduced from 82.09% last year to 62.77% in 2010, mainly due to the bad weather conditions in Europe in the first four months of the year 2010.

In the past financial year, claims remained well below the average of the previous years. With regard to the ratio of claims to premiums written, we have achieved positive results in the technical business. The combined ratio turned out below the prior-year level both before and after taxes, although the number of risks insured has increased. We consider this a confirmation of our conservative underwriting policy. Excluding the equalisation fund we managed to achieve comparatively good results despite the fact that the market environment was far more difficult.

The results for the current financial year guarantee adequate returns on the capital investments of our shareholders. Given the assumption that capital requirements will increase in the wake of Solvency II, the Executive Board proposes to the shareholders that after-tax profit be retained.

The company's results for the financial year reflect the efforts of the Executive Board to continue building the business according to the principle of prudence. In the future, the company will continue to pursue these policies.

Premium development

Premiums have not developed to the degree the Executive Board hoped. In 2010, gross premiums reduced more than 7.57% below the previous year (€ 11,896,675.75, compared to € 12,871,469 in 2009). In our projection last year, we hoped for a slight increase in premium revenue. In the category aircraft hull insurance, a relevant decrease in premium revenue was seen (gross premiums for 2010 amounted to € 7,949,806, compared to € 8,526,434 in 2009). There was also a reduction in premiums in the category aircraft liability insurance (9.59%).

Business development in individual insurance sectors

Our company did business in the following insurance sectors and types:

- Aircraft hull insurance
- Aircraft liability insurance
- Personal and aviation accident insurance

Business development in the individual sectors was as follows:

In the largest category, aircraft hull insurance, our posted gross premiums amounted to € 7.950 thousand (compared to € 8.526 thousand in the previous year), which amounts to a drop in the region of 6.76%.

The claims ratio decreased vis-à-vis the previous year (gross claims ratio 46.33% in comparison to 77.95% in the previous year). In general, we showed overall positive underwriting gains amounting to 35.33% (in comparison to positive returns of 3.26% in the previous year). After allocation to the equalization funds of € 250,702.00 remains a positive return for our own account.

The aircraft liability insurance segment also posted positive results. In comparison to the previous year's results (€ 4.127 thousand), the company recorded gross premiums of € 3.732 thousand. The gross claims ratio amounted to 43.10%, in comparison to 34.19% in the previous year. The category aircraft liability insurance recorded positive gross and net underwriting profit.

Gross premiums in the personal accident and aviation accident insurance categories decreased by 1.10% vis-à-vis the previous year to € 215 thousand (€ 218 thousand in 2009), thus remaining below our expectations. The claims ratio in the accident category decreased to -22.63%, from 16.52% in the previous year. We recorded a gross and net underwriting profit in this category.



EURO-AVIATION Versicherungs-AG

Balance sheet as at december 31, 2010

Specifications in €

Assets	2010		2009
A. Intangible assets		31.55	302.37
B. Investments			
I. Other financial investments			
1. Shares, units in unit trusts and other variable-yield securities	1,574,483.03		1,497,634.45
2. Bearer debt securities and other fixed-income securities	3,317,319.75		2,385,410.88
3. Bank deposits	3,287,000.00		3,627,000.00
		8,178,802.78	7,510,045.33
C. Receivables			
I. Receivables on direct insurance business from:			
1. Policy holders	1,585,533.95		1,480,929.40
2. Insurance agents and brokers	289,430.79		384,845.22
		1,874,964.74	1,865,774.62
II. Accounts receivable on reinsurance business		406,523.38	371,282.66
III. Other receivables		14,561.7	6,844.09
		2,296,049.89	2,243,901.37
D. Other assets			
I. Tangible assets and stocks	10,370.11		10,235.38
II. Current accounts with banks, cheques and cash	51,392.46		169,553.64
		61,762.57	179,789.02
E. Prepayments and deferred income			
I. Deferred Interest and rent	105,466.42		76,608.79
II. Other prepayments	255.18		707.77
		105,721.60	77,315.56
		10,642,368.39	10,011,353.65

Specifications in €

Equity and liabilities	2010		2009
A. Shareholders' equity			
I. Share capital	3,200,000.00		3,200,000.00
./. subscribed capital unpaid	-306,775.13		-306,775.13
		2,893,224.87	2,893,224.87
II. Retained earnings			202,985.56
1. Legal reserve	221,508.56		419,188.09
2. Other retained earnings	626,448.36		847,956.92
		351,937.67	507,260.27
		4,093,119.46	4,022,658.79
III. Unappropriated earnings			
B. Technical provisions			
I. Unearned premiums			
1. Gross amount	2,722,706.45		3,105,181.45
2. Less: reinsured amount	1,625,485.25		1,912,565.92
		1,097,221.20	1,192,615.53
II. Provisions for outstanding claims			
1. Gross amount	7,247,241.54		7,412,737.72
2. Less: reinsured amount	5,240,367.99		5,709,025.06
		2,006,873.55	1,703,712.66
III. Equalisation reserves and similar provisions		979,440.00	728,738.00
		4,083,534.75	3,625,066.19
C. Other provisions			
I. Provisions for pensions and similar obligations	547,412.00		455,127.00
II. Provisions for taxation	232,000.00		155,300.00
III. Other provisions	61,606.67		53,801.67
		841,018.67	664,228.67
D. Other liabilities			
I. Accounts payable on direct insurance business to			
1. Policy holders	151,809.22		84,455.34
2. Insurance agents and brokers	227,479.34		218,100.02
		379,288.56	299,555.36
II. Reinsurance accounts payable		638,265.82	816,964.19
III. Miscellaneous liabilities		607,141.13	582,880.45
– including taxes of € 333,760.72 (2009: € 418,734.05)			
– including social security € 0 (2009: € 0)			
		1,624,695.51	1,699,400.00
		10,642,368.39	10,011,353.65

Income statement

for the period from january 1 to december 31, 2010

Specifications in €

I. Technical Account	2010		2009
1. Earned Premiums			
a) Gross premiums written	11,896,675.57		12,871,468.69
b) Premiums ceded to reinsurer	8,941,066.53	2,955,609.04	9,800,138.00
			3,071,330.69
c) Change in unearned premiums	382,475.00		-149,938.44
d) Change in the reinsurer's share of unearned premiums	287,080.67	95,394.33	121,427.67
		3,051,003.37	2,799,964.58
2. Other technical income		0.00	5.18
3. Claims incurred			
a) Claims paid			
aa) Gross amount	5,582,066.94		7,238,513.95
bb) Reinsurers' share	3,786,384.30	1,795,682.64	5,481,662.23
			1,756,851.72
b) Change in provisions for outstanding claims			
aa) Gross amount	-165,496.18		732,168.85
bb) Reinsurers' share	-468,657.07		410,172.69
		303,160.89	321,996.16
		2,098,843.53	2,078,847.88
4. Operating expenses			
a) Gross operating expenses for insurance business	2,332,010.07		2,471,882.29
b) Less: commission and profit commission from reinsured business	2,173,704.52	158,305.55	2,442,272.05
			29,610.24
5. Other technical expenses		28.73	153.36
6. Subtotal		793,825.56	691,358.28
7. Change in equalisation reserves and similar provisions		-250,702.00	50,811.00
8. Net technical result		543,123.56	742,169.28

Specifications in €

II. Non-technical Account	2010		2009
1. Investment income			
a) Income from other investments	180,568.02		180,510.10
b) Income from write-up of investments	21,643.70		24,450.15
c) Realized gains on investment	39,417.24		9,359.21
		241,628.96	214,319.46
2. Investment expenses			
a) Expenses for management of investments, interest and other expenses on investment	34,943.57		34,731.61
b) Writedown on investments	87,624.20		21,327.01
c) Losses from the disposal of investments	567.16		1,071.76
		123,134.93	57,130.38
3. Other income		30,760.91	30,140.16
4. Other expenses		123,482.52	96,782.36
5. Operating result		568,895.98	832,716.16
6. Uncommon expenses		19,164.00	0.00
7. Uncommon result		-19,164.00	0.00
8. Taxes on income		179,271.31	296,177.17
9. Other taxes		0.00	2,580.72
10. Profit for the year		370,460.67	533,958.27
11. Profit brought forward from the previous year		0.00	0.00
12. Allocation to retained earnings			
a) to the statutory reserve	18,523.00		26,698.00
b) other retained earnings	0.00		0.00
		18,523.00	26,698.00
13. Balance sheet profit		351,937.67	507,260.27

Management

Supervisory Board

Hans-Walter Oehlschlägel † 4. March 2010
Hamburg
Chairman til 4. March 2010

Alexander Stuhlmann
Hamburg
Chairman since 25. June 2010

Andreas Peter
Wilten, Switzerland
since 25. June 2010

Hans-Peter Schneider
Hamburg
Vice Chairman

Dr. Roland Kitschler
Dortmund

Heinrich Wagner
Lübeck
till 25. June 2010

Heinz Grümmer
Overath

Andreas Braasch
Hamburg

Executive Board

Michael Fischer
Hamburg
CEO

Dr. Torsten Betzel
Eibelstadt