Credit Life International N.V.

2010 Annual Report

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Foreword

Dear Sir or Madam,

We can look back on an exciting 2010. Even if we are not quite able to match our record 2009 turnover in the train of the motor financing boom generated by the scrappage premium, it was nevertheless a very successful year for Credit Life International N.V. It proved possible to expand and extend the scope of existing partnerships in the banking and insurance sectors, acquire new cooperation partners and develop innovative products and launch them on the market. This was primarily due to our extremely committed members of staff with whom, on a daily basis, we pursue the objective of assisting the endeavours of our cooperation partners by providing the best products and services. On behalf of the entire Executive Management I wish at this juncture to express my sincere thanks to our members of staff for all their efforts.

The economic crisis in 2009 once again highlighted just how important it is to establish a broad foothold in the market in order to spread market risks. Therefore, in the long term we are concentrating on penetrating new market segments with innovative products.

In this regard, inter alia, we focused our efforts on real estate financing in the 2010 business year. With regard to real estate financing, analogously to consumer financing Credit Life International N.V. hedges instalment payments under real estate loans. This new development constitutes a practical complement to our existing range of products. In this regard we access the market not just via banks, but also via the mortgage brokers who operate directly in the market, the reason being that, in addition to the business which is traditionally generated at bank branches, the percentage of mortgage deals which are placed by independent brokers is undergoing constant growth. On the one hand, we guarantee this via our own Web based platform, the Credit Life business partner portal, and, on the other, we also provide our services via renowned external platforms.

Our attention was additionally focused on the expansion of our range of services. Thus, for example, 2010 was the first time that Credit Life International N.V. did not operate solely as a primary insurer and a reinsurer, but also as a provider in the death, unemployment and disability lines of business. As a specialist provider in the residual credit insurance sector we are thus, for the first time, operating as a reinsurer and service provider for other insurers.

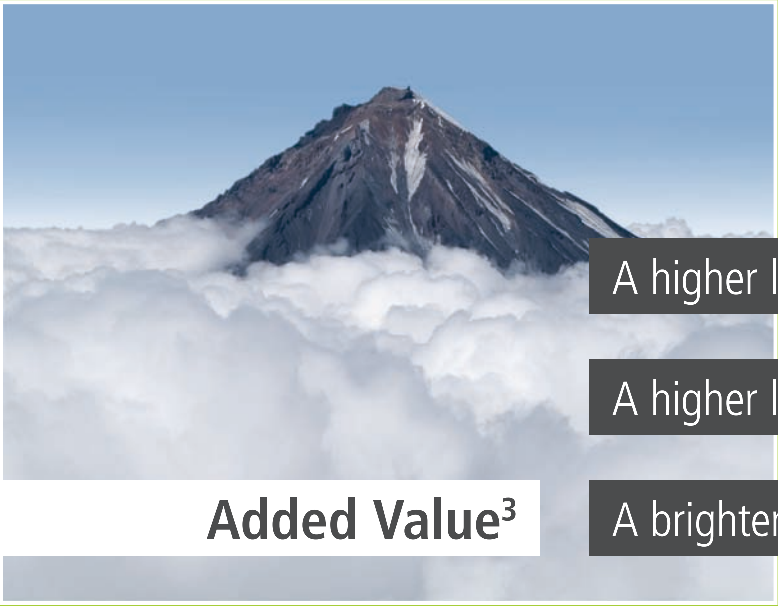
However, our strategic market position does not merely entail securing the commitment of new cooperation partners in Germany in the various market segments and sectors, but also intensifying our internationalization endeavours which began in 2006. Our cooperation with the bancassurance group of Talanx for the purpose of jointly cultivating the international markets has developed well. We will consolidate and expand our presence in the already existing countries (Austria, the Czech Republic, Hungary, Italy, the Netherlands, Poland, Slovakia and Spain) and gradually penetrate additional countries, with the result that we are proceeding from the assumption of continual growth in this sector in the course of the next few years.

Credit Life International N.V. is ready for 2011 and future years. Boasting efficient and innovative products, highly motivated members of staff and successful business partners at our side we will react to the changes in the marketplace and systematically exploit the opportunities which materialize for us.

Yours faithfully

On behalf of the Executive Board

Andreas Schwarz

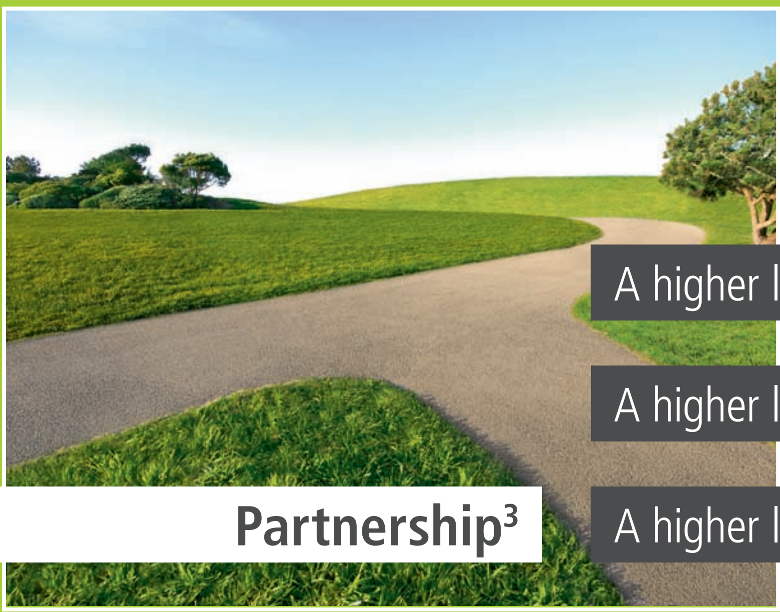


Added Value^3

A higher level of security

A higher level of income

A brighter future



Partnership^3

A higher level of service

A higher level of sales success

A higher level of customer satisfaction

Our quality undertaking.
More performance.
More partnership.

What makes us a more attractive provider of instalment payment protection insurance than other providers in this market? For the purpose of finding convincing answers to this not entirely simple question, during the course of market development we analysed the market and client expectations, studied our competitors and their market undertakings and developed an actual and target profile for Credit Life International N.V. on this basis. The greatest challenge in this regard was obtaining a holistic overview of the product portfolio for the purpose of deriving market undertakings which positively distinguish us from our competitors and which possess a high degree of relevance for our potential business partners and are rated as attractive.

The order of the day for companies is the active determination of their own position.

The maxim is: a company wishing to be number one needs to position itself before it is positioned by others. Market presence and the performance of diverse sales activities alone inevitably generate a certain image. The key factor in this regard is that this image conveys the values which a company wishes to live and exude. Credit Life International N.V. has therefore formulated both its market attributes and its quality and performance undertakings in explicit terms. Whereas its market attributes constitute the basis of its corporate behaviour and thus guidelines for its actions, its quality and performance undertakings are conveyed via all communication channels, particularly during personal presentations, in print and during online communication.

The Credit Life International N.V. team stands for the following emotional values:

- Innovative and actively creative
- Reliable
- Committed and competent
- Flexible and adaptable
- Honest and pragmatic
- Self-assured

Our quality and performance undertakings relate to two areas: our core services and our cooperation partnerships with clients and sales partners. In abbreviated form our brand's undertakings read as follows:

Our own performance levels and client relations constitute the focal point of our undertakings.

For our clients **Added Value**[3] entails:
- A higher level of security due to tailor-made instalment payment insurance policies
- A higher level of income due to partnership agreements
- A brighter future due to innovative power and perspicacity

For our clients **Partnership**[3] entails:
- A higher level of service due to efficient processes which are tailored to their individual requirements
- A higher level of sales success due to our tailor-made sales support measures
- A higher level of client satisfaction due to customer service, friendliness, reliability and availability. We attach particular importance to accommodating client dialogue at the claims settlement stage.

These are the brand undertakings which, over a fairly lengthy period of time and irrespective of the product on offer, constitute the basis of our reasoning. Obviously, their weightings are individually tailored to our dialogue partners.

Credit Life **CONSUME**

Credit Life **DRIVE**

Credit Life **PAY**

Credit Life **LEASE**

Credit Life **MORTGAGE**

Our product concepts.

An individual payment protection default guarantor.

Life plans, economic and social circumstances and client expectations undergo constant change. Companies wishing to operate as insurers in this environment need to demonstrate the requisite degree of flexibility since this flux also impacts personal risks. Thus, for example, hitherto many families have wished to hedge against the decease of the principal earner. However, given the changing situation in the employment market the risk of unemployment or disability is increasingly becoming the focal point of attention. Credit Life International N.V. accommodates this changed risk awareness in the shape of tailor-made and highly flexible hedging concepts which also afford consideration to changed employment and family biographies.

Hedging facilities must adapt to changed life circumstances.

Hedging along lines which are commensurate with target groups

Regardless of what happens: it is intended that, in a difficult situation, our products should primarily give the consumers that reassuring sense of security which a tailor made hedging facility entails. Credit Life International N.V. relies on a strategy based on product lines in this regard. In contrast to clearly delimited products these enable the specific requirements of individual target groups to be addressed. As security solutions these product lines are tailored to the funding vehicles and range of products of our business partners in order to enable insureds to meet their repayment obligations given the occurrence of unforeseen events or to assume such obligations on their behalf.

Produktlinien schaffen Flexibilität für individuelle Konzepte.

Credit Life **CONSUME**
Hedges loan liabilities on the part of consumers in conjunction with fixed repayment methods.

Credit Life **DRIVE**
Hedges client liabilities stemming from vehicle financing facilities (loans and leasing facilities).

Credit Life **PAY**
The right choice for hedging recurring payment obligations stemming from, for instance, credit card or rental agreements.

Credit Life **LEASE**
Hedges monthly recurring payment obligations stemming from leasing and rental facilities.

Credit Life **MORTGAGE**
The appropriate solution for mortgages from banks, building societies and financial intermediaries.

Thus, for example, all the traditional risks which may result in insolvency can be hedged along tailor made lines. These include disability, unemployment, death, accidental death, permanent disability, serious illnesses, divorce and the permanent inability to drive.

All traditional risks can be hedged.

In addition, it is also possible to complement practical assistance benefits during the product design stage. Facilitating an insured's return to professional life in the event of, for instance, unemployment or disability constitutes the objective in this regard.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Credit Life
INTERNATIONAL

Our claims-processing procedures.
The core client satisfaction element.

Efficient and reliable claims-processing procedures ensure that enquiries and claims can be handled promptly and satisfactorily. The first port of call for general client enquiries is the front office in the Business Operations sector which exhaustively processes policies and claims stemming from defined events which are received via all communication channels, such as telephone, post and e-mail.

The back office then assumes responsibility for performing all the claims processing procedures in the life, accident rider, disability and unemployment lines of business and ensures that client enquiries are answered within five working days. The members of staff are supported by largely electronic business processes in this regard.

Promptness thanks to standardization

Automated systems accelerate the claims-processing procedures

In addition to the high degree of service quality which we provide for our clients our efficient claims-handling procedures facilitate fast processing times and low overheads –high staffing levels notwithstanding. The automation of our procedures and our efficient software solutions specifically for the instalment payment protection insurance sector ensure that our members of staff invariably have access to up-to-the-minute information and are thus able to respond quickly to enquiries. If all claims assessment documents are available benefits are disbursed within just forty-eight hours. Complicated individual cases are forwarded to the Legal Principles sector where they undergo legal scrutiny.

Claims-handling by internal specialists.

For the purpose of facilitating the best possible response to client enquiries Credit Life International relies upon members of staff at its own offices rather than the outsourcing of services. Thus, for example, forty internal specialists are responsible for handling claims. In this regard Credit Life International guarantees long service times (from 8.00 a.m. to 5.00 p.m. Monday to Friday) and telephone availability of eighty/twenty – eighty percent of all telephone calls are answered within twenty seconds. All in all, the claims department processes approximately 170,000 pieces of incoming mail, 30,000 claims and 87,000 telephone calls per year.

High level of training frequency

A systematic training programme for the members of staff in the Claims-Handling sector ensures that service quality is kept to the requisite level at all times. In addition to legal and insurance issues the training courses also cover medical aspects. For the purpose of enhancing communication and constantly optimizing procedures weekly coordination meetings are held which, in addition to internal areas, encompass inter departmental areas such as the Process and System Development sector.

DIN EN ISO 9001 : 2008

BSI

Zertifikat Nr. FS 553667/10429D

The quality-management system (QM system) in place at Credit Life International's Business Operations division already succeeded in achieving DIN EN ISO 9001 : 2000 certification back in 2008. September 2009 saw a changeover to the new DIN EN ISO 9001 : 2008 norm.

Our certified processes.

Service excellence rendered palpable.

Cars, home entertainment equipment, foodstuffs – providers are forever pushing certified quality standards. In contrast, when insurance products and the underlying processes are involved transparent and verifiable quality standards are virgin territory. It is frequently the case that whether or not customer service is available, how long it takes to process a claim or whether or not the internal procedures are efficient and how they are organized cannot be fathomed from the outside and, in many cases, is often case dependent on the inside. The insurance industry often simply dispenses with corresponding standards – for which reason procedures and workflows do not follow standard rules. However, discretion or chance should have no impact whatsoever on internal procedures, particularly when money is at stake.

Certified processes furnish security.

Standardizing internal procedures

Credit Life International therefore relies upon transparency and standardization. This enables the "production" and the quality level of instalment payment protection insurance policies to be guaranteed just as comprehensively as other industries have long since been doing in the case of cars or computers. In this regard, the road towards the invariably comparable provision of insurance services is identical to that in other sectors: Credit Life International has subjected all its internal procedures to a thorough standardization process. Thus, for example, procedures are always performed in accordance with exactly the same pattern – irrespective of which specialist is responsible or in which terms a client enquiry is couched. This ensures a performance level upon which business partners and clients can unfailingly rely. This standardization process prevents disputes and problems, particularly in the event of claims.

Thorough transparency as the basis for a high level of quality.

Establishing impeccable quality standards

Credit Life International guarantees standardization by means of a comprehensive quality management system. This affects organizational and technical procedures just as much as it does the endeavours of our members of staff, who actually live the issue of quality during the performance of their day-to-day tasks. This quality also ensures the requisite degree of service orientation – clients can, for example, invariably rely on confirmed deadlines. The fact that it is also ensured that suggestions for improvements are actually effective generates the motivation which is necessary for the purpose of establishing a continual improvement process. This process likewise ensures the best possible standard of quality and the maximum level of efficiency. And quality thus also means cost efficiency. It is ultimately this competitiveness which has established Credit Life International as the leading provider of instalment payment protection insurance in Germany.

In addition to reliability quality means cost-efficiency.

The ISO standard ensures transparency

For clients and business partners ISO certification constitutes a visible sign of the aspirations which are associated with a quality management system. Thus, for example, as one of the first instalment payment protection insurers in Germany Credit Life International arranges for its quality management system to be certified in accordance with DIN EN ISO 9001:2008 and thus subjects it to independent examination. During the course of this process the auditors scrutinize all the procedures having a bearing upon contacts with clients. The upshot: the quality of our internal procedures reflects the aspirations of our clients and ensures that our products are aligned and provided to the maximum possible extent. Credit Life International's quality management system: success under hand and seal.

Die Sicherheit im Kredit

Security for Credit

S námi můžete splácet bez obav

La seguridad en el crédito

Biztonság hitel esetén

La sicurezza nel credito

De zekerheid in krediet

Bezpieczny kredyt

Our technology.

Complete IT integration.

The far-reaching requirements in the insurance industry can only be fulfilled if an efficient and flexible IT system is operating in the background. Credit Life International therefore relies on a flexible and integrated system for handling policies and claims on a thorough basis. In this regard the integration of product specifications and a premium calculation logic into the systems of business partners ensures a smooth sales process for instalment payment protection insurance policies. This enables all the stages from premium calculation to contract conclusion to be depicted in the intermediary's POS systems. The policy data are transmitted to Credit Life International systems via a standardized interface. Depending on the requirements of our business partners interfaces and data transmission channels and frequency can be adapted on a flexible basis.

Business partner systems can be individually integrated.

Flexible and efficient

Data are transmitted via a secure data link to the business core platform which, deploying a high level of automation, depicts all the core processes which instalment payment protection insurance entails. It offers:

- Muli-lingualism
- Multi-currency capacity
- Multi-client capacity
- The depiction of the core processes according to the intermediary's client requirements
- A link to payment transaction systems (collection/disbursement)
- Client correspondence

The internal platform can be flexibly configured.

In excess of 2.1 million active policies are currently recorded in the business core platform and more than 230,000 fully automated transactions are executed every month. Due to the fact that data validation, including pricing checks, is also performed during data processing, errors can be rectified immediately if and when necessary. Only then are data entered in the policy portfolio. During monthly closing procedures Credit Life International issues detailed intermediary statements of account which show the key figures per policy, such as premium, commission, profit share, sums insured and risks, on an accumulated basis.

Every business partner receives detailed statements of premiums and commissions.

Smooth integration of new business partners

The flexible architecture of the systems at Credit Life International facilitates the integration of a new business partner together with all the implications which are involved. Such integration projects are, for instance, supported by standardized core processes, technical specialist knowledge and many years' consulting expertise. Upgrades can be implemented without difficulty in this regard. This enables the migration of all policies entailing instalment payment protection insurance to Credit Life International and the storage of a business partner's tariff structure.

Credit Life
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Security for Credit

Our brand.

Intangible assets entailing rising values.

The insurance market for hedging rates and payment defaults is characterized by products and services which, at first glance, appear to be interchangeable. However, Credit Life International asserts that there are numerous features which distinguish it from its competitors: the structure of its processes, the commitment of its members of staff, the quality of its services and, last but not least, the living phenomena that are its partnerships with its sales partners. The Credit Life International brand has been positioned and equipped with a modern and international outlook for the purpose of furnishing the company and its qualities with an unmistakeable identity.

There is a marked distinction between Credit International and its competitors.

Three primary objectives constitute the basis for the strategic orientation of our brand:

1. Positive differentiation of all relevant competitors as a guideline and a decision making aid
2. Generation of confidence and acceptance among the target group encompassing financial service providers
3. Creation of an international market identity which will contribute towards the enhancement of company value in the medium to long term

In conjunction with the implementation of its modified brand Credit Life International has adopted the following global brand management guidelines:

- The corporate brand has an internationally consistent recognition value
- The brand serves the purpose of obtaining a confidence and acceptance rating among the target group of relevance to us and thus creating the best possible premises for sales success
- We project our brand in such a fashion that in those countries in which we operate we are perceived as a global and, at the same time, local brand featuring a high level of client proximity
- We ensure that our general performance undertakings are identical over time, geographical zones and brand updates

The brand provides international recognition value.

Via increasing recognition and market penetration the value of our formed brand will undergo continual growth and thus contribute towards the enhancement of company value.

Key figures
(in € '000)

	2010	Change in %	2009	Change in %	2008
Gross premiums	318,210	-11.80	360,770	22.26	295,081
Net benefits paid	-6,294	256.40	-1,766*)	-95.56	-39,772
Change in the net technical provisions	-1,003	-101.69	59,354	-369.23	-22,046
Gross costs of insurance operations	-220,770	-14.68	-258,752	38.58	-186,720
Net technical provisions	29,116	3.56	28,114	-67.86	87,468
Investments	209,733	12.20	186,927	38.14	135,314
Investment result	1,247	-77.44	5,527	76.47	3,132
Result after taxes	4,437	-44.65	8,016	260.59	2,223
Equity	34,186	-5.69	36,248	30.71	27,731

*) For an explanation of the reclassification see "Accounting and valuation methods" on page 36

Personalia

Supervisory Board	**Dr. rer.pol.h.c. Klaus G. Adam** Auditor, Mainz Chairman
	Wilhelm Ferdinand Thywissen Commercial Agent (German: Kaufmann), Managing Director of C. Thywissen GmbH, Neuss Deputy Chairman
	Dr. Ludwig Baum Commercial Agent (German: Kaufmann), Managing Director of Effektenverwaltung Cornel Werhahn, Munich
	Dr. Jacob Koning Economist, Member of the Administrative Council of De Nederlandsche Bank, i. R., Amsterdam
Executive Board	**Christoph Buchbender** Neuss
	Udo Klanten Bergisch Gladbach
	Hans-Peter Kuhnhenn Cologne (until 30.06.2010)
	Andreas Schwarz Neuss
	Jutta Stöcker Bornheim
	Sander van Zutphen Veghel (from 01.01.2011 onwards)
Actuary	**Towers Watson Risk Consulting B.V.**
Auditor	**KPMG Accountants N.V.**

Executive Board Report

Overview

Credit Life International N.V. is a hundred percent subsidiary of Rheinland Groep Nederland B.V. In turn, Rheinland Groep Nederland B.V. is a hundred percent subsidiary of the German company RheinLand Versicherungs AG, whose shares are held by RheinLand Holding AG in Neuss. Together with RiMaXX International N.V., as a brand the company represents the "bank sales" business sector. Via cooperation partners from the financial services sector it underwrites the risk which residual credit insurance policies entail in Austria, the Czech Republic, Germany, Hungary, Italy, the Netherlands, Poland, Slovakia, Slovenia and Spain.

The difficult market environment in 2009 persisted into 2010. Whereas, owing to the scrappage premium and the resulting upturn in the motor market, we were able to generate a profit from Credit Life International N.V. and RiMaXX International N.V., motor sales, and thus also motor financing business, experienced a downturn in 2010. This development and the termination of the sales cooperation agreement with a fairly large intermediary which we had announced in the 2009 Annual Report resulted in a sharp drop in premium income at Credit Life International N.V. from € 360.8 million to € 318.2 million (-11.8%).

In 2010 we successfully continued our chosen course of acquiring a plurality of small and medium-sized cooperation partners in Germany and other cherry-picked markets. In this regard we expanded our own sales operations in Germany, largely by approaching banks, insurance companies and financial services intermediaries. In addition to residual credit insurance for traditional consumer loans, in 2010 we also focused on developing residual credit insurance products within the framework of the arrangement of construction financing loans. For the purpose of supporting this business the company has developed and deployed its own broking platform, the Credit Life partner portal. It has already proved possible to acquire and link a large number of intermediaries via this portal.

In order to continue and intensify our internationalization endeavours we have concluded a cooperation agreement with the bancassurance group of Talanx, a Talanx Group subsidiary, for the purpose of the joint development of residual credit business in Europe. Within the framework of this joint venture both business partners will combine their competences and resources and operate jointly as a residual credit insurance provider at the European level under the brand name Credit Life International Services GmbH.

During a monitoring audit our client procedures were also certified without restrictions in accordance with DIN EN ISO 9001: 2008 in 2010. This is an indication of our aspiration to provide our clients with high-quality service levels. We have since trained two of our own auditors who are successfully pursuing the objective of enhancing our entire quality management system.

Our previous range of services has been expanded by the providing segment, in other words, the performance of all the services which a defined line of business entails on behalf of an external party. In the future it will be possible to expand this new mainstay by means of codifying the procedures involved and developing the requisite technology.

Business development

All in all the 2010 business year developed along positive lines. In terms of the number of policies the insurance portfolio climbed by 3.9% to 1,851,728. In consequence of the aforementioned specific circumstances the gross premium income, which comprise almost exclusively single premiums, slumped from € 360.8 million to € 318.2 million.
The growth in the portfolio and the expansion of sales resulted in an increase in the number of members of staff to ninety-five. Owing to a decline in acquisition costs gross costs of insurance operations dropped from € 258.8 million in 2009 to € 220.8 million in 2010 (-14.7%).

Residual credit insurance

The sum insured in residual credit insurance rose by 1.7% from € 14,313.0 million to € 14,561.9 million in the year under review. The premium income underwent a year-on-year decrease of 11.7% from € 357.0 million in 2009 to € 315.4 million in 2010.
The benefits paid, including the change to the provision for outstanding claims, climbed from € 57.8 million in the previous year to € 78.0 million in the year under review. This includes € 49.4 million for surrenders and top-ups (previous year: € 34.0 million).

Traditional business

Traditional life insurance business has no longer been transacted since the beginning of 2007. For the purpose of simplifying the business run-off process the existing portfolio has been reinsured in its entirety since 2007.

The sum insured in traditional life insurance business slumped by 22.7% to € 36.1 million in the year under review. The premium income underwent a year-on-year decrease of 28.2% from € 3.8 million in 2009 to € 2.8 million in 2010.
The benefits paid, including the change to the provision for outstanding claims, declined from € 2.5 million in the previous year to € 1.9 million in the year under review. This includes € 1.4 million for surrenders (previous year: € 0.8 million).

Investments

The investment portfolio increased from € 186.9 million in 2009 to 209.7 million in the 2010 business year (+12.2%).
The investment income climbed from € 5.6 million in the previous year to € 6.5 million in the 2010 business year (+16.1%). At € 1.7 million (2009: € 2.3 million) the current result failed to match that of the previous year. The overall investment result, including the revaluation, fell far below that of 2009, primarily due to interest rate effects since the non realized losses stemming from the revaluation of the investments totalled € 0.5 million in 2010 vis-à-vis non-realized gains of € 3.1 million in 2009.

Result

A profit before taxes of € 5.9 million (previous year: € 8.9 million) was generated in the 2010 business year. This decrease largely stemmed from the drop in the investment result and a decline in the gross premium income. The result after taxes totalled € 4.4 million. It is proposed that of this amount € 3.9 million should be disbursed as a dividend in 2011 and that € 0.5 million should be allocated to the other reserves.

Risk management

Overall risk monitoring and management system

One of the key business purposes of the insurance companies which are consolidated in the Group comprises assuming risks as a risk bearer on a deliberate and controlled basis, rendering such risks calculable and managing them in a balanced risk portfolio. The prerequisite for this is a professional risk management system.

In this regard, what is understood by "risks" are all the occurrences and possible developments inside and outside the company which may negatively impact the corporate objectives, in other words, planning, and thus the economic and financial situation.

Organization and tasks of the risk monitoring and management system

Risk management is performed at all the levels of RheinLand Versicherungsgruppe in accordance with standard guidelines and is geared towards the protection of the financial position of RheinLand Holding AG and its operational companies and a lasting increase in the value of these companies. For the purpose of attaining these objectives endeavours are being undertaken to establish a risk culture and create transparency over the risks both on a Group-wide basis and at the level of the individual companies. In addition, adequate tools are deployed for the purposes of actively managing and reducing risks. The capital resources are hedged in conjunction with the maintenance of a defined safety level.

RheinLand Versicherungsgruppe boasts an organizational structure geared towards risk management and internal control mechanisms which ensure that risks are adequately rated, monitored and managed. The basis for this is the regulations in force in Germany under the Corporate Sector Supervision and Transparency Act (KonTraG), the requirements stipulated in §§ 55c and 64a Insurance Supervision Act (VAG) and the minimum requirements which risk management systems at insurance companies are required to fulfil (MaRisk VA). This means that the Dutch risk management requirements pursuant to Wft ("Wet op het financieel toezicht") are likewise covered.

With regard to integral business management pursuant to Wft the scope of the independent compliance function which was established at Credit Life International N.V. in 2008 was expanded to encompass the entire Group in 2010. In this regard great value is set by standard guidelines which afford consideration to the prevailing country- and company specific requirements. The compliance manual which was produced in 2009 was agreed on a Group-wide basis, approved by the Executive Board and communicated to all the Group employees together with the approved code of conduct.

Risk management structure

The roles, responsibilities and tasks which the individual functions entail and the risk management process are documented in the following principal sets of regulations.

- Risk strategy
- Compliance manual
- Limits and indicators manual
- Manual on handling operational risks
- Documentation on the internal control system

The validity of these documents explicitly encompasses the Dutch companies. They are updated and, if and when necessary, supplemented once a year. Additional risk limiting sets of regulations exist in the operational units (e.g. underwriting guidelines and powers of authority).

The responsibility for the risk management system is borne by the following functions:

- Executive Board
- Supervisory Board
- Internal Group audit
- Centralized independent risk management function
- Compliance function
- Risk Management Board
- Risk officers

The Executive Board bears the overall responsibility for risk management and for approving and continually enhancing the corresponding sets of regulations.

The Supervisory Board is responsible for monitoring the risk management decisions taken by the Executive Board. It is regularly apprised of the current risk situation by the Group Executive Board.

Internal Group Audit is responsible for monitoring the security, economic efficiency and regularity of the internal control system. The auditor also audits the internal control system during the audit of the annual financial statements. The centralized independent risk management function (risk management) is responsible for interdepartmental risks and the conceptional enhancement and maintenance of the Group-wide risk management system. It performs a coordinating and monitoring function and supports the risk officers in the operational sectors. For the purpose of performing its tasks the risk management team is granted an unrestricted right to receive information. In the Netherlands an independent risk management function has been established pursuant to Wft which, analogously to and in close concert with the centralized risk management team, assesses the risk situation of the Dutch subsidiary companies.

The compliance function monitors the observance of the statutory and regulatory law framework and the regulations and standards established by the company itself.

As an executive body the Risk Management Board is responsible for consensus oriented decisions within the framework of the stipulations issued by the Executive Board and the risk analyses conducted by the Risk Management Department.

In the relevant business sectors risks are, on a decentralized basis, identified, assessed, managed and monitored by the risk officers in the operational sectors in accordance with the stipulations issued by the Risk Management Department. The managers and the risk officers have undergone training in the performance of their risk management function. The managers are tasked with monitoring the implementation and effectiveness of the risk management system in their areas of responsibility.

Risk categories

Risk management affords consideration to the following risk categories:

- Underwriting risk
- Market risk (investment risk)
- Credit risk (including the country risk)
- Operational risk
- Liquidity risk
- Concentration risk
- Strategic risk
- Reputation/integrity risk

Risk-bearing capability and limit system

The MaRisk requirements have necessitated the establishment of a limit system derived from the risk-bearing capability concept.

The risk-bearing capability is analysed on the basis of the currently valid Solvency II draft standard model. RheinLand Versicherungsgruppe and all the individual companies are furnished with adequate capital resources. This largely occurs by adjusting the overall risk item (risk capital requirements) in line with the capital resources which are available at any given time or by adjusting the capital resources. The term capital resources is defined in accordance with the standard model. The risk-bearing capability of both the individual companies and RheinLand Versicherungsgruppe is controlled and continually monitored by means of defined limits and early-warning indicators which are specified in the limits and indicators manual.

RheinLand Versicherungsgruppe's limit system explicitly limits and observes the underwriting, market, credit, liquidity, concentration and strategic risk categories via early-warning indicators. Limits and early-warning indicators for the underwriting risks are undergoing testing and will be actively managed from 2011 onwards.

In addition, the strategic risks are analysed by the Risk Management Board on a quarterly basis and depicted annually along structured lines during a weakness/strengths analysis. Reputation risks are likewise analysed and qualitatively assessed by the Risk Management Board. For the Dutch companies an independent compliance function is responsible for implementing "integrity management" (the integrity risk encompasses and exceeds the scope of the reputation risk) pursuant to the prevailing Dutch supervisory legislation. The main operational risks are managed and monitored within the framework of agreed procedures.

Risk reporting

The Executive Board and the Supervisory Board are apprised by the risk management team on a quarterly basis of the major risks, the management measures serving the purpose of controlling these risks and major changes to already known risks. The subject of risk management is a regular item on the agenda of Executive Board and Supervisory Board meetings. The relevant up-to-date risk report serves as the handout for this purpose.

Given any suddenly occurring major changes to known risks and given newly materialized risks the Risk Management Department and the Executive Board are apprised without delay, as is the Supervisory Board in the case of red risks. The underlying traffic light functionality is predicated upon the limits stipulated by the Executive Board. Green risks are uncritical, amber risks necessitate enhanced alertness and red risks require the initiation of risk management measures.

For the Supervisory Board meeting in which the annual report is approved the Risk Management Department produces an overall risk management report in the sense of a year end report. This report encompasses the current results of the standard model on an actual basis (insofar as these results are available), the current limit and indicator statuses, the scenario results pertaining to the operational risks, the key points of the SWOT analysis for systematizing the strategic risks and qualitative assessments of the prevailing reputation risks.

In addition to the Board of Executive Directors and the Supervisory Board all risk reports are submitted to the auditor, the certifying actuary, Internal Group Audit and the Federal Financial Supervisory Authority.

Solvency II

In the autumn of 2010 Credit Life International N.V. participated in the official "Quantitative Impact Study (QIS 5)" of the European supervisory bodies for the purpose of further concretizing Pillar 1. A quality assurance exercise was subsequently performed by KPMG. The methods, model calculations and results will be further refined and enhanced on this basis. This will ensure that companies continue to observe the developments in the direction of Solvency II. The Group calculation on the basis of the current standard model will include the results of the individual companies.

For the purpose of preparing the future procedures for reporting to the Supervisory Board and the general public (Pillar 3) the entire RheinLand Versicherungsgruppe and all its individual companies participated in a pre-test in the summer of 2010. This served as the basis for identifying weaknesses with regard to processes, data and technology which are intended to be successively eliminated in 2011 and 2012. A large-scale implementation project has been launched to this end

Audit committee

The implementation of Article 41 of the 2008 EU Directive 2006/43/EC pertaining to the statutory control of annual financial statements and consolidated financial statements in the Netherlands resulted in an obligation to establish an audit committee or nominate an executive body which performs tasks which are comparable with those of an audit committee.

The Supervisory Board performs all these tasks at Credit Life International N.V.

Automation

Automation was also further expedited in 2010. Following the introduction of a paperless files-processing facility for policy and payment processes we can respond to client enquiries even more quickly and efficiently. From the middle of 2011 onwards we are planning to introduce an automated inbox control facility which will result in a further perceptible reduction in processing times. Since the middle of 2009 we have been affording small and medium-sized brokers the opportunity to submit business online via the Credit Life partner portal. Following a corresponding computerized plausibility check the data are further processed on an automated basis in the back office systems. The Credit Life partner portal is a key module in the acquisition of new intermediaries and is generating a high level of acceptance.

Socially responsible corporate activities

Credit Life International N.V. adopts a conscious approach towards its social responsibility. This is demonstrated by the following activities:

Environmental awareness

Our members of staff are instructed to utilize the available resources such as energy, water and materials sparingly. The post of Environmental Officer responsible for accepting suggestions and addressing issues relating to this theme has been established at RheinLand Holding AG’s head office.

Company suggestion scheme

A company suggestion scheme has been established at RheinLand-Gruppe for the purpose of rewarding new and feasible suggestions for reducing costs and improving quality. Suggestions which are submitted are examined by an interdepartmental panel and, following their successful implementation, financial rewards are granted.

Consumer credit guidelines

Germany is the insurance market which involves the highest level of turnover for Credit Life International N.V. Therefore, the changes which have materialized in connection with the implementation of the consumer credit guidelines have been subjected to intensive scrutiny in conjunction with the clients whom we service, and our products and procedures have been adapted where necessary. These changes primarily serve the purposes of transparency and protection for policyholders.

Sponsoring

Increasing the company's public profile constitutes part and parcel of our corporate strategy. Credit Life International N.V. once again sponsored a German Bundesliga handball club in 2010. On the one hand, this serves the purpose of regional identification and, on the other, it is intended that this should enhance the company's public profile in its primary German market. Credit Life International N.V. was also one of the four co sponsors of a top-flight German Bundesliga football club, with the result that its lettering and logo were visible in football stadiums and television coverage.

Members of staff

Credit Life International N.V. is a young company employing a total of ninety-five members of staff as at 31 December 2010. Of these members of staff 42% are female and 58% male. At thirty-six the average age is relatively young. This is also reflected in the average length of service of 4.3 years. Given the very dynamic growth of the two companies the number of members of staff experienced a strong, above-average rise in 2010. However, it is intended that the number of members of staff should only be increased along selective lines during the course of the next few years.

Staff development

Annual staff appraisals constitute a central management tool. The current staff appraisal system is no longer appropriate for a working environment which is undergoing constant flux. It is against this background that the structure and contents of our system have been revamped. Our new system comprises four modules, namely reflecting upon behaviour and performance on the basis of a competence model and agreeing new tasks, development and promotion measures and feedback for managers. This will be piloted in 2011 and rolled out in 2012.
The objective of the "strategic staff planning" project is to underpin the corporate strategy even more strongly than has hitherto been the case by means of various staff planning and development measures. Some initial points of departure are being elaborated in the project with the involvement of various target groups.
The new Talent MoVe staff development programme involving a total of six participants was successfully concluded in 2010. The application procedure for the next round will probably commence at the end of 2011.

Training

The training concept which was elaborated for Credit Life International N.V. in 2008 has stood the test of time and will be continued in a slightly modified form.

Outlook

We are anticipating that turnover will continue to increase in 2011, not least due to the fact that the economic environment is still undergoing stabilization.

It has once again proved possible to renew the agency agreement with our largest cooperation partner which is scheduled to expire at the end of 2011. The new agreement will enter into force for three years with effect from 1 January 2012. As a structural change it is planned that during the term of this agreement we will switch from acting in the role of primary insurer to acting in that of a reinsurer and provider.

The expansion of our business operations in Germany in conjunction with new cooperation partners will constitute the focal point of our activities in 2011. An additional focal point of our activities will involve the expansion of our foreign business via Credit Life International Services GmbH. Owing to the bundled competences and the networks of the two companies this collaboration with the bancassurance group of Talanx will stimulate additional growth. Credit Life International Services GmbH's branch offices will commence operations in other European countries in 2011.

In addition to our cooperation with banks we will particularly be increasing the level of our business transactions with other insurers. In this regard we are increasingly becoming positioned as a residual credit insurance specialist that is also in a position to reinsure and manage business for other insurers.

We will continue to develop our business operations in the construction financing sector as a new additional business sector. Our primary focal point of attention in this regard will be the creation of direct market access opportunities in addition to our own Credit Life partner portal.

Venlo, 5 May 2011

Buchbender Klanten Stöcker Schwarz Van Zutphen

Balance sheet as at 31 December 2010

(Prior to profit appropriation)
(in € '000)

ASSETS		2010		2009
Investments 1				
Other investments				
▪ Shares	**1,564**		3,304	
▪ Bonds	**196,481**		175,332	
▪ Deposits at banks	**11,688**		8,291	
		209,733		186,927
Deferred tax assets 2		**464**		-
Receivables				
Receivables arising out of direct insurence operations:				
▪ Policyholders	**2**		27	
▪ Intermediaries	**9,970**		9,892	
Reinsurance receivables 3	**3,870**		8,941	
Other receivables 4	**13,554**		11,211	
		27,396		30,071
Other assets				
Fixed assets 5	**636**		687	
Current cash at banks	**6,109**		15,227	
		6,745		15,914
Deferred items				
Deferred interest and rent	**2,959**		2,874	
Deferred unearned reinsurance premiums	**3,463**		3,271	
Deferred acquisition commissions 6	**44**		36	
		6,466		6,181
		250,804		239,093

(in € '000)

EQUITY AND LIABILITIES	2010		2009	
Equity 7				
Paid-up share capital	**3,000**		3,000	
Share premium reserve	**20,750**		20,750	
Revaluation reserve	**1,434**		515	
Other reserves	**4,565**		3,967	
Business year result	**4,437**		8,016	
		34,186		36,248
Subordinated loans 8		**8,600**		5,600
Technical provisions 9				
For life insurance:				
▪ Gross	**187,235**		182,952	
▪ Reinsurers' share	**-158,945**		-155,310	
	28,290		27,642	
For outstanding claims:				
▪ Gross	**27,168**		27,080	
▪ Reinsurers' share	**-26,342**		-26,608	
	826		472*)	
For profit share and premium discount:				
▪ Gross	**1,318**		1,330	
▪ Reinsurers' share	**-1,318**		-1,330	
	-		-	
Other technical provisions:				
▪ Gross	**900**		-	
▪ Reinsurers' share	**-900**		-	
	-		-*)	
		29,116		28,114

*) The presentation of the technical provisions has been adjusted for comparison purposes.

(in € '000)

		2010		2009
Other provisions				
Provisions for deferred taxes 2		-		1,068
Deposits for reinsurance business 10		**165,014**		146,064
Liabilities				
Liabilities arrising out of direct insurance operations:				
▪ Policyholders	**1,941**		3,320	
Reinsurance payables 11	**4,809**		5,212	
Other liabilities 12	**3,526**		9,814	
		10,276		18,346
Deferred items		**3,612**		3,653
		250,804		239,093

Profit and loss account 2010
(in € '000)

Technical account	2010		2009	
Net premiums earned				
Gross premiums 13	**318,210**		360,770	
Reinsured premiums	**-309,155**		-314,993**)	
		9,055		45,777
Deposit for reinsurance business		**-**		-76,497
		9,055		-30,720
Investment income				
Other investments 14	**6,484**		5,605	
Realized gains	**186**		81	
		6,670		5,686
Non-realized gains stemming from investments 15		**680**		3,260
Net benefits paid 16				
▪ Gross	**-79,814**		-59,348	
▪ Reinsurers' share	**73,520**		57,582**)	
	-6,294		-1,766	
Change in the provision for outstanding claims				
▪ Gross	**-88**		-936	
▪ Reinsurers' share	**-266**		930	
	-354		-6 *)	
		-6,648		-1,772
Change in provisions for life insurance, profit share and premium discount:				
▪ Gross	**-4,272**		-30,301	
▪ Reinsurers' share	**3,623**		74,840	
	-649		44,539	
Changes in the other technical provisions:				
▪ Gross	**900**		1,773	
▪ Reinsurers' share	**-900**		13,048	
	-		14,821 *)	
		-649		59,360

*) The presentation of the changes in the technical provisions has been adjusted for comparison purposes.
**) For an explanation of the reclassification see "Accounting and valuation methods" on page 36.

(in € '000)

	2010		2009	
Profit share and premium discount		**7**		100
Costs of insurance operations				
Acquisition costs 17	**-216,259**		-253,422	
Change in the capitalized acquisition costs	**-10**		-15	
Administrative and personnel costs, depreciation on office furniture and equipment 18	**-4,501**		-5,315	
Reinsured business commissions received 19	**223,694**		235,113**)	
		2,924		-23,639
Investment costs 20				
Interest and other costs	**-4,772**		-3,300	
Realized losses	**-122**		-8	
		-4,894		-3,308
Non-realized losses stemming from investments 15		**-1,209**		-111
Investment income not allocated to the technical account 21		**-413**		-4,867
Technical account result 22		**5,523**		3,989

Non-technical account		2010		2009
Technical account result		**5,523**		3,989
Transfer of investment income from the technical account 21		**413**		4,867
Result from ordinary business operations before taxes		**5,936**		8,856
Tax on income and profit 23		**-1,499**		-840
Result after taxes		**4,437**		8,016

**) For an explanation of the reclassification see "Accounting and valuation methods" on page 36.

Cash flow statement 2010
(in € '000)

	2010	2009
Cash flow stemming from business operations		
Result after taxes	**4,437**	8,016
Increase in net technical provisions	**1,002**	-59,354
Change in the provision for deferred tax assets	**-1,532**	-4,010
Depreciation on fixed assets	**281**	258
Depreciation on intangible assets	**-**	437
Change in liabilities	**-8,070**	-9,807
Change in receivables	**2,675**	10,429
Other changes	**-325**	-5,118
	-1,532	-59,149
Cash flow stemming from investments		
Investments and acquisitions		
▪ Shares	**88**	-624
▪ Bonds and deposits at banks	**-212,394**	-195,018
▪ Fixed assets	**-230**	-309
Disinvestments, repayments and disposals		
▪ Shares	**1,652**	-
▪ Bonds and deposits at banks	**187,848**	144,029
	-23,036	-51,922
Cash flow stemming from financing operations		
Change in deposits for reinsurance business	**18,950**	110,373
Share premium received	**-**	2,000
Dividend disbursement	**-6,500**	-1,500
	15,450	110,873
Change in current cash at banks	**-9,118**	-198

Accounting and valuation methods

General

This is an English translation of the official annual report and financial statements in the German language. In the event of discrepancies between the two, the German version shall prevail.

Group relations

The company forms part of the RheinLand-Gruppe in Neuss, Germany. All its shares are held indirectly by RheinLand Holding AG via Rheinland Groep Nederland B.V. and RheinLand Versicherungs AG.
Credit Life International N.V. is included in the consolidated financial statement of RheinLand Holding AG. The consolidated financial statement is deposited with the Registrar of Companies at the parent company's place of domicile, Neuss.

Nature of business operations

The company primarily conducts insurance business. Its sales activities are performed by intermediaries and cooperation partners.

Reclassification of the profit and loss account

In 2009 the surrenders retained by the reinsurers were partially included in the costs of insurance operations. In 2010 the system was adjusted for these surrenders and all the surrenders retained by reinsurers are offset directly against the gross surrenders. The presentation of the amounts stemming from 2009 has been adjusted for comparison purposes.

Valuation principles

The valuation of the assets and liabilities

General

This Annual Report has been produced in accordance with the accounting principles which are generally accepted in the Netherlands and the prevailing statutory provisions governing annual financial statements pursuant to Section 9, Book 2 of the Dutch Civil Code.

Use of estimates

The compilation of the annual financial statement requires the management to form judgements and make estimates and assumptions which impact the application of fundamental principles and the reported value of assets, liabilities, costs and income. The actual results may deviate from these estimates. The estimates and the underlying assumptions undergo continual assessment. Changes to estimates are adopted in that period of time in which the estimates are changed and in future periods of time upon which these changes have a bearing.

Impairment or alienation of fixed assets

In accordance with the general principles governing the compilation of annual financial statements which are generally accepted in the Netherlands the company discloses intangible, tangible and financial fixed assets. Pursuant to these principles assets featuring a long useful life must be valued in accordance with impairment if any changes or circumstances materialize which suggest that the book value of an asset item can no longer be realized. The possibility of amortizing used assets is determined by comparing the book value of an asset item with the future net cash flow which such an asset item will most likely generate. If the book value of an asset item is higher than the estimated future cash flow an impairment amount is booked for the difference between the book value and the true value of the asset item to the debit of the result. The assets which are available for alienation are valued at book or lower market value less the alienation costs.

Insofar as nothing to the contrary is stated elsewhere the other assets and liabilities are shown at nominal value.

Transactions in foreign currencies

Transactions in foreign currencies are converted to the relevant functional currency of the Group companies at the exchange rate from the transaction date. Monetary assets and liabilities in foreign currencies are converted to the functional currency at the exchange rate in force on the balance sheet date. Non-monetary assets and liabilities in foreign currencies which are included at their historical acquisition value are converted into euros at the exchange rates from the transaction dates. The exchange rate discrepancies arising during conversion are included in the profit and loss account as costs or income.

Investments

Shares

Insofar as they are listed shares are shown at the market value. The market value is the stock market value from the balance sheet date. Non-realized changes in value are included in the business year result. The year-end non-realized positive value constituting the difference between the market value and the acquisition value is, affording consideration to the deferred taxes, withdrawn from the other reserves and allocated to the revaluation reserve. All shares are listed.

Bonds

Insofar as they are listed bonds are shown at the market value. The market value is the stock market value from the balance sheet date. Non-realized changes in value are included in the business year result. The year-end non-realized positive value constituting the difference between the market value and the acquisition value of the investments is, affording consideration to the deferred taxes, withdrawn from the other reserves and allocated to the revaluation reserve.

Non-listed bonds are valued at acquisition costs less value adjustments.

Deposits at banks

The deposits at banks are shown at nominal value.

Fixed assets

The office furniture and equipment have been valued at acquisition costs less scheduled depreciation.

Deferred items

Deferred acquisition commissions

The deferred acquisition commissions primarily relate to the traditional life insurance policies. They are recorded on an individual policy basis and depreciated along linear lines over the cancellation liability period (twenty-four months).

Upon the conclusion of a cooperation agreement with a business partner a non-recurring acquisition commission was paid to this business partner upon the commencement of the agreement which will be depreciated on a linear basis over the term of the agreement in accordance with the terms and conditions of the same.

Technical provisions

For examination enhancement purposes the provision for outstanding claims is being shown separately in the balance sheet of Credit Life International N.V. with effect from 2010. The comparative figures have been adjusted accordingly. These reclassifications have no bearing on the company's result or assets.

The provision for life insurance for residual credit insurance policies are valued on an individual policy basis according to an adjusted net method. The interest rate totals 3.00% and 2.25% for existing tariffs and new tariffs (from 1 October 2010 onwards) respectively. The calculation is grounded on the mortality probabilities commensurate with the risk. Implicit allowance has been made for costs.

The provision for life insurance for traditional life insurance policies are calculated along individual policy lines on the basis of a zillmerized method. The interest rate totals 2.75% and the zillmerized rate 4.00%. The calculation bases for mortality correspond to the appropriate tariff bases.
The adequacy of the provision for life insurance for the residual credit insurance policies and the traditional life insurance policies is reviewed annually. This adequacy test affords consideration to expected future developments and the capitalized acquisition costs.

The provision for outstanding claims relates to the claims which were reported by the balance sheet compilation date. The provisions are calculated on an individual policy basis. In addition, a provision for claims incurred but not reported (IBNR) is calculated using actuarial principles and methods. A provision for incurred but not enough reported claims (IBNER) is also calculated. The adequacy of the technical provision for outstanding claims is reviewed annually using standard actuarial methods.

The profit share and premium discount provision relates to profit shares to be credited to clients on the basis of profits which are generated on the traditional life insurance business policies.

Liability adequacy test for insurance obligations

Liability adequacy test for life insurance

The adequacy of the technical provisions which was notified on the balance sheet date was tested on the basis of the liability adequacy test pursuant to Article 121 of "Besluit Prudentiële Regels Wft" (decree pertaining to the prudential Wft regulations).

The liability adequacy test was performed for the entire portfolio of life insurance obligations for the purpose of assessing whether or not the disclosed technical provisions were still adequate on the basis of the prevailing up-to-the-minute assumptions. During the performance of the test future contractual cash flows were estimated on the basis of "best estimate" values of the current developments with regard to mortality, mortality in consequence of accidents, the behaviour of policyholders, claims processing and administrative costs and the investment income serving the purpose of covering such obligations. In addition to the "best estimate" values a risk margin was estimated. The liability adequacy test afforded consideration to the minimum surrender value at the policy level.

Any possible deficit is immediately debited to the profit and loss account by constituting an additional provision:

The following assumptions were applied during the liability adequacy test on 31 December 2010:

■ Discounting	Based on the risk-free yield curve and the interest rate published by DNB
■ Profit share	The profit share is adjusted on a deterministic basis in line with the interest rate which was in force in the previous year
■ Inflation	2,25%
■ Expected mortality	Empirical mortality values on the basis of internal studies
■ Expected mortality as a result of accident	Empirical accident mortality values on the basis of internal studies
■ Premature termination (cancellation)	Empirical cancellation frequency values on the basis of internal studies
■ Guarantees	Real value

Other provisions

Deferred taxes

The provision for deferred taxes relates to the difference between the fiscal and the commercial law valuation of the assets and liabilities. It is calculated in accordance with the current tax rate of the expected settlement year.

Annual result

General

The income and costs relating to the business year are contained in the profit and loss account.

Net premiums earned

Net premiums earned relate to gross premiums invoiced to third parties less reinsurance premiums.

Net benefits paid

The net benefits paid relate to payments to third parties less the reinsurers' share and the change in the provision for outstanding claims.

Costs of insurance operations

Commission and other costs directly associated with the conclusion of insurance policies are shown under acquisition costs. The costs arising from all insurance operations during the business year is shown under administrative and personnel costs and depreciation on office furniture and equipment. Collected policy fees, costs for policy riders and payments to third parties for claims settlement and administration are deducted from these amounts. Commissions and profit shares received by reinsurers reduce the operating costs.

Investment income

Investment income encompasses dividends stemming from shares, interest stemming from bonds, deposits at banks and cash at banks and realized gains stemming from investments. This income has been allocated to the technical account.

Investment costs

Investment costs encompasses costs and interest pertaining to shares, bonds, deposits at banks and cash at banks and realized losses stemming from investments.

Non-realized gains and losses stemming from investments

Non-realized changes in value are included in the business year result. The year-end non-realized positive value constituting the difference between the market value and the acquisition value of the investments is, affording consideration to the deferred taxes, withdrawn from the other reserves and allocated to the revaluation reserve. The non-realized gains and losses are shown according to individual items.

Investment income allocated to the non-technical account

The allocation of the investment income is based on the term of the technical provisions. Corresponding investments are allocated to the technical provisions which has a similar or virtually similar term. The investment income which is generated from these investments is included in the technical account. The investment income which is generated from the investments which are not allocated to the technical provisions is shown in the non-technical account. The costs which are directly associated with the investment income are allocated to the investment income on a pro rata basis.

Taxes

The company forms a fiscal entity with Rheinland Groep Nederland B.V. and RiMaXX International N.V. and is therefore liable for the tax liabilities of all the entities. The tax burden has been calculated in accordance with the current tax rate.

Cash flow statement

The cash flows have been compiled in accordance with the indirect method.

Risk management

The underwriting risk and the investment risk are of particular relevance to Credit Life International N.V.

Underwriting risk

The underwriting risk denotes the risk that, in consequence of chance, error or change, the actual claims and payments expenditure will deviate from the expected expenditure.

The insurance portfolio of Credit Life International N.V. largely comprises term insurance policies in conjunction with the provision of cover for residual debt in relation to consumer loans. Traditional life insurance policies, mixed insurance policies and life annuity insurance policies play only a subordinate role and have no longer been marketed since 2007. 100% of the traditional portfolio has been reinsured since 2008.
Apart from the catastrophe risk the largest underwriting risk is the death risk. Mortality probabilities play a major role in this regard, in which connection higher payments may result from a higher-than-expected mortality rate. A surrender risk (cancellation risk) also exists.

The process of monitoring these risks has revealed that the risk premiums which are released from the technical provisions during the course of the year provide sufficient cover given realistic mortality assumptions. The surrenders influenced by the interest rate which materialize given a rising market rate relate to the traditional portfolio, though not to the residual credit portfolio. The technical provisions have been calculated in such a fashion that they are invariably at least as high as the guaranteed surrender value.

The underwriting risk is managed by a prudent application acceptance policy, product development guidelines, the performance of liability adequacy tests and the determination of adequate reinsurance cover for the insurance portfolio.

A liability adequacy test is performed for the technical provisions on a quarterly basis. During this test the payment obligations are calculated using economic parameters affording consideration to a risk margin. The comparison between the expected value of future obligations and the balance sheet reserves indicates the adequacy of the reserves which have been constituted.

The reinsurance policy of Credit Life International N.V. is reviewed annually. In addition, with the framework of the product development process the reinsurance is examined and, if necessary, adjusted for each and every product which is launched on the market. Major risks which are unsuitable for the current reinsurance policy are assessed separately and, if necessary, reinsured.

The launch of new products is accompanied by a profit test. In addition, a profit analysis is conducted at least once a year, in which regard the assumptions which were applied during the tariff calculation process are compared with the actual development of the risks which materialize. This reveals whether or not the calculation bases were selected with a sufficient degree of prudence.

Standard tariffs are used for residual credit insurance policies. This type of tariff classification could entail the risk that, in consequence of the (accident) mortality or cancellation rate, the scope and date of the payment inflows do not tally with the expected values. The adequacy of the standard tariffs is reviewed at least once a year and the tariffs are adjusted if and when necessary.

The table below shows the structure of the insurance portfolio as at 31 December:

(in € '000)	Number of policies		Regular premiums		Insured capital	
	2010	2009	2010	2009	2010	2009
Term insurance policies	**1,847,857**	1,777,341	**876**	1,037	**14,586,647**	14,344,359
Endowment insurance policies	**908**	1,165	**374**	500	**11,355**	15,306
Annuity insurance policies	**2,963**	3,992	**1,308**	1,812	**-**	-
Accident rider insurance policies	**-**	-	**-**	-	**-**	-
	1,851,728	1,782,498	**2,558**	3,349	**14,598,002**	14,359,665

(in € '000)	Insured annuities		Actuarial provisions		Capital at risk	
	2010	2009	2010	2009	2010	2009
Term insurance policies	**-**	-	**152,010**	144,352	**14,262,960**	13,950,440
Endowment insurance policies	**-**	-	**1,721**	1,754	**9,884**	13,836
Annuity insurance policies	**2,802**	3,738	**12,019**	12,909	**2,921**	2,559
Accident rider insurance policies	**-**	-	**22,803**	25,267	**-**	-
	2,802	3,738	**188,553**	184,282	**14,275,765**	13,966,835

Market risk

The market risk denotes the risk arising directly or indirectly from fluctuations to the amount and volatility of the market prices for the assets, liabilities and financial instruments. The market risk encompasses the exchange rate risk and the interest risk.

Group Asset Management is responsible for monitoring the market risk. In close consultation with the Executive Management of Credit Life International it determines the investment policy on an annual basis, in which regard the investment portfolio is compared with the accompanying insurance portfolio risks, particularly the term of the obligations. In principle, the market risk is countered by means of a broad mix and spread of investments. In addition, scenario analyses and stress tests are performed for risk management purposes. In view of the fact that the investment portfolio has been tailored to the prevailing obligations, the overall market risk of Credit Life International N.V. is low.

Credit Life International N.V. is primarily affected by the sustained financial market crisis and the low interest level in consequence of the disclosure of non-realized gains which arise during the mark to model approach.

a) Interest risk

The table below depicts the interest rate sensitivity after tax effects given a rise or fall in the market interest rate of 1%:

(in € '000)	Interest +1%		Interest -1%	
	2010	2009	2010	2009
Investments	**-3,843**	-2,846	**4,075**	2,946
Technical provisions	**-**	-	**-**	-
Other assets and liabilities	**-**	-	**-**	-
Equity capital	**-3,843**	-2,846	**4,075**	2,946

b) Share risk

At the end of 2010 the Credit Life International N.V. shares were worth € 1,564,000 (2009: € 3,304,000).

The following table depicts the consequences after tax effects given a rise or fall in share prices of 10%:

(in € '000)	Price +10%		Price -10%	
	2010	2009	2010	2009
Investments	**117**	246	**-117**	-246

c) Currency risk

The currency risk arises due to the fact that the combination of investments and obligations in foreign currencies does not quite tally.

The following table depicts the foreign currency items as at 31 December:

(in € '000)	Assets		Liabilities	
	2010	2009	2010	2009
Polish zloty	**673**	322	**519**	388
Swiss franc	**-**	-	**8**	6
Czech crown	**2**	-	**-**	-
Hungarian forint	**4**	-	**1**	-
	679	322	**528**	394

In view of the low amount which is outstanding in foreign currencies, at present the currency risk is insignificant. At that point in time at which the risk increases the risks will be covered by means of the application of an improved assets/liabilities match. Assets/liabilities matching is subject to a fixed limit which is monitored on a regular basis.

Credit risk

The credit risk denotes the risk which arises in consequence of an incidence of default by or a change in the credit status or credit status rating (credit spread) of security issuers, counter parties and other debtors which have liabilities vis-à-vis RheinLand Versicherungsgruppe.

The credit risk of Credit Life International N.V. primarily encompasses the risk that a reinsurer, intermediary, bond issuer or a private law debtor can no longer fulfil its obligations. In order to minimize this risk Credit Life only cooperates with rated reinsurers and solvent intermediaries. In addition, care is taken to ensure that the risks are spread adequately.

Credit Life International N.V. has deliberately avoided investing in structured products involving credit risks (asset backed securities, collateralized debt obligations, collateralized loan obligations) and continues to refrain from investing in private equity and/or credit link notes. Its investments are focused on European issuers featuring a high credit status (average rating "AA").

The following table provides an overview of the fixed-interest investments according to issuers. No investment attributable to one and the same (private law) debtor accounts for more than 5% of the portfolio of fixed-interest investments.

(in € '000)	Bonds Listed		Bonds Unlisted	
	2010	2009	2010	2009
Banks	**84,172**	68,441	**80,500**	68,500
State and state-backed	**25,650**	32,841	**-**	-
Other (companies)	**6,160**	5,550	**-**	-
	115,982	106,832	**80,500**	68,500

The unlisted bonds have a market value to the amount of € 81,036,000 (2009: € 68,826,000).

The following table shows the distribution of the investments over the various credit worthiness classes on the balance sheet date (Standards & Poor's).

(in € '000)	2010		2009	
	Balance sheet value	in %	Balance sheet value	in %
AAA	**111,144**	53.0	**104,796**	56.1
AA	**34,885**	16.6	**26,388**	14.1
A	**62,140**	29.6	**47,370**	25.3
BBB	**-**	-	**5,069**	2.7
Shares	**1,564**	0.8	**3,304**	1.8
	209,733	100.0	**186,927**	100.0

The ratings are checked on a regular basis and documented accordingly

Liquidity risk

The liquidity risk denotes the risk that, in consequence of a lack of fungibility, RheinLand Versicherungsgruppe will not be in a position to fulfil its financial obligations when they become due.

Credit Life International N.V. must possess sufficient liquid funds in order, for example, to pay claims arising from the insurance portfolio. The liquidity requirements may increase as a result of unexpected claims. For the purpose of controlling the liquidity flows a liquidity plan is regularly produced which is monitored by Group Asset Management. Unexpected liquidity requirements are absorbed by means of matching the assets with the liabilities.

Owing to the brief duration (2.75; 2009: 2.55) of the annuity portfolio and the business model the average monthly excess liquidity of Credit Life International N.V. is approximately 3.9 percent (2009: 6.8 percent). In relation to the total investments and the expected excess liquidity without reinvestment for 2011 it totals approximately € 19.2 million (2010: 28.0 million). Therefore, from the current perspective no liquidity risk exists.

Concentration risk

The concentration risk denotes the risk that arises in consequence of the fact that Credit Life International N.V. assumes individual risks or heavily correlated risks which entail a high level of loss or default potential.

Particular attention should be afforded to the concentration risk in the investment and reinsurance portfolios. The investment policy manages the concentration risk by means of a broad spread among various investment securities. Reinsurance entails a certain concentration risk due to the fact that the entire residual debt portfolio is only reinsured by a small number of reinsurers. However, since all reinsurers are required to possess at least an A- rating this risk can be considered to be low.

The sales strategy of Credit Life International N.V. is concentrated on a niche product, residual credit insurance, and one major sales channel, bank sales. A key sales foundation in this regard is our co-operation with a major client. One risk which this sales strategy comprises is a possible slump in the materialization of new residual credit insurance policies stemming from consumer credit business. A further risk also exists as a result of our high level of dependence on one key business partner.

It has proved possible to reaffirm our business relationship with this major client in 2011 by renewing the cooperation agreement until 2014. In connection with the current and the new cooperation agreement Credit Life International N.V. has undertaken to guarantee its credit status. This has been achieved by means of a reinsurance solution which also encompasses the investment risk. A similar solution is planned for the new cooperation agreement.

Strategic risk

The strategic risk is the risk arising from strategic business decisions. The strategic risk also encompasses the risk arising from the fact that business decisions might not be revised in line with a changed economic environment. As a general rule a strategic risk constitutes a risk which arises in connection with other risks. However, it may also materialize as an individual risk.

The process of monitoring strategic risks is directly linked to the business strategy which is defined by the Executive Management. Both the business strategy and the risk strategy are determined by the Executive Board and submitted to the Supervisory Board for approval and discussion. The strategic risks are identified and assessed on an annual basis within the framework of a SWOT analysis (an analysis of strengths, weaknesses, opportunities and threats). In addition, the strategic risks are analysed on a quarterly basis by the Risk Management Board headed by Group Risk Management. The Executive Board and the Supervisory Board are regularly apprised of any major changes and new risks.

Particular attention will continue to be afforded to our dependence on one major sales partner and the increasing influence of the consumer protection factor with regard to products which are sold through banks. The development and structure of bank sales in various European countries and the conclusion of sales cooperation agreements in this segment should be viewed from this standpoint.

The minimum solvency ratio which has been strategically fixed by the Executive Board currently totals 135% (2009: 125%).
This percentage has been determined on the basis of the following standpoints:

- The minimum solvency ratio of 130% (2009: 120%) stipulated by the DNB must be observed and monitored during the course of the year.
- For the purpose of maintaining an adequate buffer for fluctuations a scenario in which the self-set limit of 135% solvency is not met is already regarded as being critical.
- In addition, the calculation method which the adequacy tests (which are stipulated by the prevailing supervisory legislation) entail results in a higher solvency capital requirement than is the case from a purely risk-based standpoint.

Operational risk

The operational risk denotes the risk of losses in consequence of inadequate or failed internal procedures or staff- and system-induced or external occurrences. The operational risk also encompasses legal risks, though not strategic and reputation risks.

Operational risks are updated and the results documented on an annual basis within the framework of a risk workshop. Random samples are taken during the course of the year for the purpose of implementing suitable measures. Any major changes in the risk situation are reported to Risk Management without delay via a standardized questionnaire.

Internal processes

Internal control system documentation defining key controls exists for major business processes. This documentation and these key controls are reviewed on an annual basis and updated if and when required. The majority of the business processes are executed independently without outsourcing. Some key processes (such as investment management, reinsurance and internal audit) have been outsourced exclusively within RheinLand Versicherungsgruppe and are thus subject to the same risk management requirements as Credit Life International N.V. No interruptions to business processes occurred in the year under review.

The appointment, transfer or departure of members of staff invariably results in establishing, changing or withdrawing powers of authority and attorney. An established process is available for this purpose by means of which executives can submit and authorize the requisite forms and document them on an audit-proof basis.

Products are developed in close consultation with our intermediaries following a thorough market and profit analysis.

Systems

The systems risks which exist are regularly monitored and minimized by means of the implementation of various measures. These risks are essentially characterized by the fact that the provision of electronic support for business processes and the provision of information might not correspond to the stipulated principles in terms of integrity, continuity and IT security.

A risk is present with regard to our dependence on external service providers, such as software manufacturers. Audits are regularly conducted in conjunction with these service providers. An IT audit is invariably conducted by an external auditor whenever new systems are introduced. The results are discussed with the Executive Board and included in a schedule of measures which are subject to prompt introduction. The IT system of Credit Life International N.V. was audited during the audit of the annual financial statement by the auditor and gave rise to no objections.

Within the framework of the business continuity management procedures a disaster recovery concept for the system landscape was elaborated and successfully implemented in 2010.

Members of staff

Staff-related risks may particularly materialize in consequence of wilful criminal acts (such as theft, sabotage and fraud), restricted performance levels (ability, motivation availability) and vacant key posts. The vacant risk manager post at Credit Life International N.V. was filled on 01.03.2010.

External events

With regard to catastrophes such as earthquakes, storms, floods, fires, explosions and epidemics the business continuity management procedures cited under Systems above enter into force. In addition, various insurance policies exist for the purpose of minimizing the loss potential involved. No such risks materialized in 2010.

Legal risks

The legal risk involves the risk which exists in connection with (amendments to and the observance of) the prevailing statutory and regulatory legislation, a possible threat to the legal status of the company, including the possibility that contractual provisions cannot be enforced or have not been correctly documented.

In order to ensure that the prevailing statutory and regulatory legislation is observed at all times the Finance & Risk, Insurance Law, Actuarial and Investment departments are closely involved with the various issues which this entails. All these departments are staffed by specialists who possess the level of training which is necessary for the purpose of implementing the requisite amendments to statutory and regulatory legislation at the organization.

In addition, regular consultations are held with the Executive Board, the external auditor and the external actuary for the purpose of discussing the developments which have occurred and the course of approach which has been adopted by Credit Life International N.V. Our members of staff attend training courses and seminars for the purpose of regularly updating the skills which they are required to possess.

The business operations of Credit Life International N.V. are very internationally oriented. This gives rise to the risk of inadequate knowledge of foreign systems and cultures. Here, too, the compliance function is deployed as a risk management instrument.

Integrity risk (reputation risk)

The reputation/integrity risk constitutes the risk of possible damage occurring to the company's reputation as a result of negative public perception (e.g. on the part of clients, business partners, shareholders and authorities). In exactly the same way as the strategic risk, as a general rule the reputation risk constitutes a risk which arises in connection with other risks. However, it may also materialize as an individual risk.

It is very important to the company that the integrity of the organization and its members of staff is guaranteed by the observance of the prevailing statutory and regulatory legislation and that acts are performed in accordance with the standards and code of conduct which it has imposed and the values to which they give rise. The inadequate observance of statutory and regulatory legislation or the inadequate observance of the imposed standards, values and code of conduct may entail consequences. These may take the form of fines and liability claims or damage to the company's reputation.

For the purpose of facilitating the improved management of the integrity risks a compliance function has been developed in cooperation with already existing specialist functions (the Money Laundering and Terrorist Financing Officer, the Data Protection Officer, the IT Security Officer, Group Audit and the Human Resources and Legal Department) which is intended to safeguard and foster the integrity of the organization and its members of staff by means of the observance of the prevailing statutory and regulatory legislation and the values, standards and code of conduct which are in force at the company.

Explanatory notes on the balance sheet as at 31 December 2010

1 Development of investments

(in € '000)	Balance as at 01.01.10	Acquisitions	Disposals	Change in value	Balance as at 31.12.10
Shares	3,304	-	1,652	-88	1,564
Bonds – listed	106,832	36,916	27,326	-441	115,981
Bonds – unlisted	68,500	21,500	9,500	-	80,500
Deposits at banks	8,291	154,419	151,022	-	11,688
Total	186,927	212,835	189,500	-529	209,733

At year-end the acquisition costs of the shares and listed bonds totalled € 1,883,000 (2009: € 3,767,000) and € 114,337,000 (2009: € 104,747,000) respectively. The market value of the unlisted bonds totalled € 81,036,000 (2009: € 68,826,000) at year-end.
The unlisted bonds pertain to registered bonds and public bonds.

2 Deferred taxes

The deferred tax item comprises differences between the commercial law and the fiscal assessment of the technical provisions, the deferred acquisition costs, the investments and the goodwill.

Receivables

3 Reinsurance receivables

The reinsurance receivables include no (2009: none) receivables from foreign affiliated companies.

4 Other receivables

Other receivables include:

(in € '000)	2010	2009
Advance payments to intermediaries	5,562	11,126
Receivables from affiliated companies	7,823	1
Tax receivables	86	76
Other receivables	83	8
	13,554	11,211

Profit shares are paid in advance in connection with the existing cooperation agreement with a major client. These profit shares are subject to the condition that an annual minimum production volume is achieved. They will be settled over the term of the agreement. All the receivables have a term of less than one year.

Other assets

5 Fixed assets

(in € '000)	Hardware for data processing	Office equipment	Motor vehicles	2010	2009
Balance as at 1 January	464	206	17	687	641
Acquisitions	221	9	-	230	309
Disposals	-	-	-	-	5
Depreciation	175	99	7	281	258
Balance as at 31 December	510	116	10	636	687
Cumulative acquisition costs	1,152	530	47	1,729	1,499
Cumulative depreciation	642	414	37	1,093	812
Balance as at 31 December	510	116	10	636	687

Deferred items

6 Deferred acquisition commissions

The deferred acquisition commissions developed as follows in the year under review:

(in € '000)	2010	2009
Balance as at 1 January	35	50
Depreciation	-9	-15
Deferred commissions	18	-
Balance as at 31 December	44	35
Gross	44	35
Reinsurers' share	-	-
	44	35

The deferred acquisition commissions will be depreciated over two to five years.

7 Equity capital

The break-down of the equity capital and the changes in the business year were as follows:

2010 (in € '000)	Paid-up share capital	Share premium reserve	Revalua-tion reserve	Other reserves	Business year result	Total
Balance as at 1 January 2010	3,000	20,750	515	3,967	8,016	36,248
Profit appropriation	-	-	1,109	407	-1,516	-
Dividend disbursement	-	-	-	-	-6,500	-6,500
Call on share premium	-	-	-	-	-	-
Revaluation of investments	-	-	-190	190	-	-
Other	-	-	-	1	-	1
Business year result	-	-	-	-	4,437	4,437
Balance as at 31 December 2010	3,000	20,750	1,434	4,565	4,437	34,186

2009 (in € '000)	Paid-up share capital	Share premium reserve	Revalua-tion reserve	Other reserves	Business year result	Total
Balance as at 1 January 2009	3,000	18,750	836	2,922	2,223	27,731
Profit appropriation	-	-	-321	1,044	-723	-
Dividend disbursement	-	-	-	-	-1,500	-1,500
Call on share premium	-	2,000	-	-	-	2,000
Other	-	-	-	1	-	1
Business year result	-	-	-	-	8,016	8,016
Balance as at 31 December 2009	3,000	20,750	515	3,967	8,016	36,248

The placed capital as at 31 December 2010 totalled € 3.0 million subdivided into 3,000 shares of € 1,000 each. All the shares have been issued and paid up in full. The proposed profit appropriation has not yet been included in the above overview.

Prior to 2010 allocations to and withdrawals from the revaluation reserve were processed via the profit appropriation in the following financial year. From the 2010 financial year onwards allocations to and withdrawals from the revaluation reserve are processed in the financial year in which the associated changes in values arose. This change has no bearing upon the equity capital and the company's result.

Pursuant to the guidelines of DNB (De Nederlandsche Bank) the requisite solvency level as at 31 December 2010 totalled € 30.4 million (2009: € 29.6 million). Pursuant to these guidelines the solvency level which existed as at 31 December 2010 totalled € 44.6 million (2009: € 40.8 million). This gives rise to cover of 146.9% (2009: 137.7%). The minimum solvency level which the Executive Board considers to be necessary totals € 41.1 million (2009: € 37.0 million).

8 Subordinated loans

Rheinland Groep Nederland B.V. has extended five subordinated loans to the company entailing a total amount of € 8.6 million. These loans yield average interest of 8.0 percent. The term of these loans is indefinite and they may only be redeemed in conjunction with a notice of five years and the approval of DNB.

9 Technical provisions

The gross technical provisions, including the reinsured portion, have an average duration of one to five years.
The modified duration of the underwriting reserves totals 1.95.

The net technical provisions developed as follows in the business year:

Provision for life insurance (in € '000)	**2010**	**2009**
Net balance as at 1 January	**27,642**	72,181
Change to the reinsurance treaty as at 01.01.2009	**-**	-62,309
Net premiums earned	**9,055**	45,777
Costs freed from premiums	**3,703**	-24,583
Allocated interest	**839**	570
Net benefits paid and surrenders	**-6,294**	-1,766
Costs offset against the provision	**2,603**	-
Costs freed from the provision	**-6,974**	-867
Change as a result of changes to:		
Increase in the negative actuarial provision set to zero	**-**	-
Results stemming from probability systems:		
Mortality result	**223**	-658
Result stemming from the development of the life insurance portfolio	**2,061**	2,019
Changes to the profit and loss account affecting net income	**648**	-44,539
Net balance as at 31 December	**28,290**	27,642

Provision for outstanding claims (in € '000)	**2010**	**2009**
Gross balance as at 1 January	**27,080**	26,143
Acquisitions	**16,297**	16,013
Disposals	**16,209**	15,076
Gross balance as at 31 December	**27,168**	27,080
Reinsurers' share	**-26,342**	-26,608
Net balance as at 31 December	**826**	472

Provision for profit share and premium discount (in € '000)	2010	2009
Gross balance as at 1 January	**1,330**	1,437
Acquisitions	**101**	360
Disposals	**113**	467
Gross balance as at 31 December	**1,318**	1,330
Reinsurers' share	**-1,318**	-1,330
Net balance as at 31 December	**-**	-

Other technical provisions (in € '000)	2010	2009
Gross balance as at 1 January	**-**	1,774
Allocation to the provision for cancellation gains	**1,645**	-966
Disbursement of cancellation gains	**745**	808
Gross balance as at 31 December	**900**	-
Reinsurers' share	**-900**	-
Net balance as at 31 December	-	-

Liability adequacy test

The liability adequacy test determines the adequacy of the constituted reserves. In the event that the balance sheet reserve as at 31.12.2010 should be higher than the minimum reserve calculated pursuant to the liability adequacy test this surplus may, subsequent to adjustments for reinsurance effects, taxes and the valuation of the investments, be included in the solvency which exists.

As at 31.12.2010 the liability adequacy test produced the following result:

Portfolio (in € '000)	Balance sheet provisions	Test reserve	Gross surplus	Effect stemming from adjustments	Net surplus
Residual credit	**173,021**	**160,266**	**12,755**	**-7,023**	**5,732**
Outstanding claims	**27,168**				
Traditional life business	**15,532**				
Other technical provisions	**900**				
	216,621				

The traditional life insurance business is completely reinsured and has therefore been omitted from the above calculation. The other technical provisions have been qualitatively reviewed and are therefore likewise omitted from the test result. For the residual credit portfolio the liability adequacy test resulted in excess cover for the reserve to the amount of € 12,755,000 as at 31.12.2010 (2009: € 11,763,000). Pursuant to the Wft stipulations this positive result must be adjusted to take into account the difference between the current value and the balance sheet value of the investments. As at 31.12.2010 the positive difference totalled € 536,000. In addition, adjustments must be made to the amount of the impact of the reinsurance (€ -5,649,000) and the corporation tax (€ -1,911,000). This reduces the surplus calculated pursuant to the adequacy test to € 5,732,000.

10 Deposits for reinsurance business

A large portion of the insurance business and the accompanying technical provisions has been reinsured since 1 January 2009. The counterpart for increasing the reinsured portion of the technical provisions has been processed as a deposit account liability vis à vis the reinsurers concerned. The deposit account liabilities encompass liabilities vis-à-vis foreign affiliated companies of € 15,561,000 (2009: € 22,233,000). .

Liabilities

11 Reinsurance payables

The reinsurance payables encompass payables to foreign affiliated companies of € 2,938,000 (2009: € 3,546,000).

12 Other liabilities

(in € '000)	2010	2009
Liabilities vis-à-vis affiliated companies	**355**	5,750
Tax liabilities	**539**	108
Advance payments received from reinsurers	**1,350**	2,732
Other liabilities	**1,282**	1,224
	3,526	9,814

In connection with the extension of the existing cooperation agreement with a major client one re-insurer, in accordance with the original terms and conditions, participated in the advance payment of the profit shares. This inpayment is being distributed analogously over the 2008 financial year and the term of the agreement. It is shown under the other liabilities.
All liabilities have a term of less than one year.
The liabilities vis-à-vis affiliated companies include corporation tax due on demand to Rheinland Groep Nederland B.V. of € 1.5 million (2009: € 6.4 million).

Liabilities not shown in the balance sheet

The lease pertaining to the business premises leased in Venlo gives rise to a leasing liability, including ancillary leasing costs, to the amount of € 318,000.
Two bank guarantees totalling € 51,300 have been submitted in connection with this lease.
Four leases have been included which expire in 2012. For the residual term the lease amount totals € 9,800.

Explanatory notes on the profit and loss account 2010

Technical account

13 Gross premiums

Virtually all the gross premiums were earned in the market comprising the other EU Member States (particularly Germany) and can be broken down as follows:

(in € '000)	2010			2009		
	Gross	Reinsurance	Primary insurance	Gross	Reinsurance	Primary insurance
Regular premiums						
Individual						
▪ without profit share	**65**	**-**	**65**	46	-	46
▪ with profit share	**2,820**	**-2,820**	**-**	3,812	-3,790	22
Total regular premiums	**2,885**	**-2,820**	**65**	3,858	-3,790	68
Single premiums						
Individual						
▪ without profit share	**315,325**	**-306,335**	**8,990**	356,912	-311,203	45,709
▪ with profit share	**-**	**-**	**-**	-	-	-
Total single premiums	**315,325**	**-306,335**	**8,990**	356,912	-311,203	45,709
	318,210	**-309,155**	**9,055**	360,770	-314,993	45,777

Investment income

14 Other investments

The other investment income encompasses the following interest and dividends:

(in € '000)	2010	2009
Shares	**63**	99
Bonds	**6,328**	5,193
Deposits at banks	**81**	200
Current cash at banks	**12**	113
	6,484	5,605

15 Non-realized gains and losses stemming from investments

The break-down of the non-realized gains and losses is as follows:

(in € '000)	2010		2009	
	Non-realized losses	Non-realized gains	Non-realized losses	Non-realized gains
Shares	**-88**	**-**	-	625
Bonds	**-1,121**	**680**	-111	2,635
	-1,209	**680**	-111	3,260

16 Net benefits paid

2010 (in € '000)	Gross	Reinsu- rance	Net
Type of payment			
Death payment	**27,988**	**26,806**	**1,182**
Rider insurance payments	**1,050**	**1,019**	**31**
Surrender	**50,776**	**45,695**	**5,081**
	79,814	**73,520**	**6,294**

2009 (in € '000)	Gross	Reinsu- rance	Net
Type of payment			
Death payment	23,889	22,419	1,470
Rider insurance payments	684	650	34
Surrender	34,775	34,513	262
	59,348	57,582	1,766

In 2010 the gross surrenders included top-ups to the amount of € 34,505,000.

Expenditure on insurance operations

17 Acquisition costs

The paid and owed acquisition costs and the prepaid profit share total € 216,247,000 (2009: € 253,305,000).

18 Administrative and personnel costs

Numerous tasks were performed by Group companies in the financial year under review for which € 3,182,000 (2009: € 3,700,000) was invoiced. As at 31 December 2010 the company employed ninety-five members of staff (2009: eighty members of staff). The total costs include € 814,000 (2009: € 558,000) for the costs pertaining to the Executive Board and € 6,000 (2009: € 6,000) for the costs pertaining to the Supervisory Board. The Supervisory Board also acts for RheinLand Holding AG, for which reason most of the costs are borne by RheinLand Holding.

The personnel costs can be broken down as follows:

(in € '000)	2010	2009
Wages and salaries	**5,297**	4,683
Social security contributions	**384**	350
Retirement provision	**392**	302
Other personnel costs	**336**	338
	6,409	5,673

These costs include research and development costs of € 0.8 million (2009: € 0.6 million).

The business costs include the remunerations for auditors:

(in € '000)	2010	2009
Audit of the annual financial statement	**96**	98
Other audit services	**-**	6
Tax consulting services	**15**	39
Other services	**-**	-
	111	143

19 Reinsured business commissions received

The reinsured business commissions received include profit shares to the amount of € 18,900,000 (2009: € 18,324,000).

20 Investment costs

The investment costs includes € 469,000 (2009: € 438,000) for interest costs vis-à-vis affiliated companies.

21 Investment income not allocated to the technical account

The investment income is allocated to the technical account on a pro rata basis. For allocation purposes this income, comprising realized and non-realized investment income, including the associated costs, is calculated and related to the average net technical provisions.

22 Technical account result

The technical results per profit source are comprised as follows:

(in € '000)	2010	2009
Insurance policies entailing monetary payments		
Insurance policies relating to allocated investment income	**834**	660
Less: allocated interest	**-839**	-570
Less: change due to a change in the interest/yield curve	**-**	-
Less: change due to the development of package costs and a change in the package	**-**	-
Interest result	**-5**	90
Calculated costs from premiums	**-3,703**	24,583
Cost freed from the technical provisions	**6,974**	867
Costs offset against the technical provisions	**-**	-
Less: costs of insurance operations	**-15,265**	-41,963
Adjustments in connection with reinsurance	**18,189**	18,324
Less: returned commision due to surrenders	**-2,603**	-
Less: change due to a change in the costs	**-**	-
Cost result	**3,592**	1,811
Result from the probability systems	**2,284**	1,361
Result from the probability systems less outstanding claims	**-354**	-
Change due to a change in the probability systems	**-**	-
Result of the technical analysis	**1,930**	1,361
Less the increase in the technical provisions set to zero	**-**	-
Interim result	**5,517**	3,262

(in € '000)	2010	2009
Contractual result-sharing	**7**	100
Result-sharing contingent upon operating results	**-**	-
Depreciation of the interest discount	**-**	-
Adjustments in connection with reinsurance	**-**	-
Other	**-1**	627
Technical account result	**5,523**	3,989

Non-technical result

23 Taxes

The tax burden calculation includes to the tax-exempted results. In 2010 the nominal tax rate totalled 25.5% (2009: 25.5%) and the effective tax rate 25.2% (2009: 9.5%).

Break-down of the corporation tax:

(in € '000)	2010	2009
Corporation tax	**-1,513**	-2,258
Corporation tax for previous years	**14**	1,418
	-1,499	-840

For 2010 the corporation tax for previous years comprises the definitive assessment of the taxes for 2008. For 2009 € 620,000 of these taxes results from an amendment to the 2008 tax return. € 818,000 stems from the definitive 2006 and 2007 tax assessments, in which connection € 369,000 relates to the offset of the losses from previous years and € 449,000 materialized in consequence of the treatment of the balance of non-deductible costs and allocations to a tax provision.

Venlo, 5 May 2011

The Executive Board

Buchbender Klanten Stöcker Schwarz Van Zutphen

The Supervisory Board

Dr. Adam Thywissen Dr. Baum Drs. Koning

Other information

Statutory profit appropriation

Pursuant to Article 20 of the Articles of Association the profit appropriation shall be determined by the Annual General Meeting:

Article 20

1. The Executive Board may, with the approval of the Supervisory Board, allocate up to 50 percent of the annual surplus to the retained earnings in advance. The Annual General Meeting shall determine the appropriation of the residual balance sheet profit in accordance with a proposal submitted by the Executive Board and the Supervisory Board.
2. The company may only pay dividends to the shareholders and other persons who have an entitlement to the distributable profit in the event that the equity capital should exceed the paid-up and called-in portion of the capital plus the statutory reserves. Pursuant to the provisions contained in Article 3, Paragraph 4 no dividends may be paid for the benefit of the company on shares which are held by the company itself.
3. The Executive Board and the Supervisory Board may propose at the Annual General Meeting that one or more interim dividends should be paid.

Profit appropriation

Pursuant to the Articles of Association the profit appropriation shall be determined by the Annual General Meeting. The Executive Board proposes that the financial year profit to the amount of € 4,437,000 should be appropriated as follows:

(in € '000)	2010
Dividend	3,900
Allocation to the other reserves	537
	4,437

Independent auditor's report

To the shareholders of Credit Life International N.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 of Credit Life International N.V., Venlo, which comprise the balance sheet as at 31 December 2010, the profit and loss account 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 and for the preparation of the Executive Board report, both 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

In our opinion, the financial statements give a true and fair view of the financial position of Credit Life International 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 Executive Board report, 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 Executive Board report, 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, 5 May 2011

KPMG ACCOUNTANTS N.V.

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