

PRESS RELEASE

2016 financial year:

Gothaer posts sound result and again strengthens equity base

- Rating agencies once more confirm good results
- Strategy project Gothaer 2020 showing first success
- Digitalization offensive in all business units

Cologne, 30 May 2017 – The Gothaer Group is submitting sound figures for the 2016 financial year: the consolidated annual surplus rose 17.4% to €162 million. Some of the surplus flowed into strengthening the equity base. The Group's equity grew 8.8% to reach €2.004 billion at the end of 2016. Gross premiums written in 2016, at €4.411 billion, dipped (-2.3%) compared with the previous year owing to the launched consolidation process. “Our figures show that the Gothaer Group is also successful when the going gets tough, and that we have been taking the right measures with our digitalization offensive,” says Dr. Karsten Eichmann, Gothaer Group CEO.

Group premiums written, by segment



• in Mio. Euro
• Inkl. RiB

Gothaer Allgemeine insurer completely realigns business for commercial customers with *GewerbeProtect*

Gross premiums written by Gothaer Allgemeine Versicherung AG, the Gothaer Group's casualty/property insurer, at € 1,723 million, were 1.2% above the 2015 level. The company showed sound growth with a clear success focus and was able to perceptibly improve its loss ratio. The new cyber insurance for existing customers took off well and is to be expanded to include mid-sized companies and the liberal professions.

“On 13 June, our new product *GewerbeProtect* starts for commercial customers, and we will be expanding this successively until autumn 2018,” reports Dr. Christopher Lohmann, Gothaer Allgemeine's new CEO. “The modular product, featuring more than two million combinations, offers companies insurance cover with high flexibility that can be digitally tailored to suit and may be taken out directly at the point of sale. Our new underlying IT system ensures short product-development cycles. Together with the new pricing model, these advantages will underpin an attractive market position for us,” Lohmann goes on.

Renewable energies business field goes on growing

Gothaer Allgemeine has been the leading insurer of wind-energy systems in Germany and other European countries for some years now and was able to expand this market position further in 2016: in the 2016 financial year, sales revenue in the wind energy business field rose 7.2%. Worldwide, Gothaer has insured some 17,000 wind-energy systems.

Gothaer Leben: Realignment of the business model systematically implemented

Gothaer Lebensversicherung AG's gross premiums written in 2016 amounted to €1,196 million, falling 5.9% due to the difficult market environment. It was possible to increase new business by 12.4% to €1,697 million. “One very successful event was the launch of our new old-age products *Gothaer Zukunftsvorsorge* in July 2016: the new-business share stood at over 90%. This far exceeded our production target – just under one quarter of total entire old-age new-business production was accounted for by this new solution for old-age provision,” says Michael Kurtenbach, Gothaer Lebensversicherung AG's and Gothaer Krankenversicherung AG's CEO. “In addition, we are working hard on realigning our business model, and this effort is progressing on track. For 2017, our aim is to expand collective business in stand-alone occupational disability insurance. We want to achieve this, among other ways, by stepping up cross-selling activities with company health insurance,” Kurtenbach adds, commenting on the 2017 product novelties. Planning also calls for rolling out a new, capital-efficient single-premium product in autumn 2017.

Gothaer Kranken: Strong growth in company health insurance

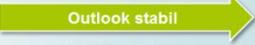
Gothaer Krankenversicherung AG's gross premiums written, at €824 million (-0.6%), remain largely stable. In the Health Insurance segment, too, new-business developments are gratifying: new business – measured in million Euros of monthly premiums – rose 7.7% to €1.30 million. The year 2016 overall was thus very successful for Gothaer Krankenversicherung. New business – in comprehensive insurance as well – was on the up, and the company again managed to expand the number of customers with supplementary insurance above the market average. Company health insurance made a successful contribution here. In April 2017, new in-patient tariffs were launched. At the same time, it has also been possible in 2017 to acquire, together with MediExpert, further major customers in company health insurance and company health management. “We see ourselves in future as a modern health insurer with high earning power and a strong role in supplementary insurance,” is how Kurtenbach sums up the focuses for 2017 and the years to come.

Fitch Ratings and S&P confirm good assessments

The international agency Fitch Ratings on 20 January 2017 again confirmed the results for Gothaer Allgemeine Versicherung AG and Gothaer Lebensversicherung AG. The companies still earn an 'A', and the outlook for the ratings is “stable”. The confirmed results, according to Fitch Ratings, reflect the strong and resilient capitalization as well as the Gothaer Group's good market position. Besides the Group's broad base, Fitch acknowledged its strong capitalization as a supporting factor for its good and unvarying rating.

“We're working hard to manage our Group along a value-driven and sustainable course even in what has, for a long time now, been an extremely challenging environment. That we are doing a very good job is shown by the renewed confirmation of our rating results by Fitch Ratings,” says Eichmann, commenting the current results.

Overview of the current rating results:

	S&P Global Ratings	Fitch Ratings
Gothaer Allgemeine	A-	A
Gothaer Leben	A-	A
Gothaer Kranken	A-	
		
	 Stand 10.11.2016	 Stand 20.01.2017

Investment: in a historic low-interest environment, good investment results overall

In a historic low-interest environment, the Gothaer Group can report good investment results overall: the result earned from investments rose 32.8% to €1,612 million. “The main changes in our investments in 2016 were an expansion of diversification in non-eurozone issuers – specifically US municipal bonds – as well as investment in Dutch mortgage loans,” sums up Harald Epple, Gothaer's CFO. As regards strategic asset allocation in 2017 and duration control, planning calls for a slight dismantling of credit instruments, a moderate lengthening of interest duration and a rise in the property share.

The Gothaer Group on the German insurance market is well ahead in investment in renewable energies relative to available investment volume. In April 2017, the Group spent €718 million on renewables. By the end of 2017, a total of one billion Euros is set to be invested in renewable energies.

Outlook for 2017: digitalization offensive in full swing

“With our Gothaer 2020 strategy, we are porting the business model of insurance into the future and are adjusting operations in the Gothaer Group to meet the changing requirements and expectations of our customers. For instance, in 2017, among other things, we are working on the build-up of data management under the heading “digitalization” and on developing digital business models, as well as the implementation of our start-up strategy and the launch of new speedboats,” explains Eichmann. One specific measure is our foundation membership of InsurLab Germany – a hub for the subject of InsurTech for start-ups, companies and investors in the insurance sector in Cologne. “We are hoping for access to the start-up scene and further cooperation opportunities. Another measure involves improving claims processing in the health area by deploying artificial intelligence. In this way, we will further enhance customer satisfaction by having shortened processing times,” says Eichmann.

A live stream of the press talk is available at www.gothaer-live.de.

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