

## PRESS RELEASE

### 2017 Financial Year: Gothaer Strengthens Substance and Drives Forward Group Restructuring

- Consolidated net income for the year rises 5.6% to €165 million
- Group equity up 8.0% to €2,154 million
- Solvency ratio further improved and ratings confirmed
- Important milestones reached in digitization and realignment of the Group

**Cologne, 15 May 2018** – The Gothaer Group can present good figures for the 2017 financial year: the consolidated net income rose 5.6% to €165 million. Part of this was used to strengthen the equity base. Equity grew 8.0% and stood at €2,154 million at the end of 2017. Gross premiums written at Group level rose 0.3% to €4,424 million. "Gothaer posted a sound result again in 2017. In property/casualty insurance in particular, we were able to continue our growth course," says Dr. Karsten Eichmann, Group CEO. The largest risk carrier – Gothaer Allgemeine Versicherung AG – achieved an increase of 5.8% in premiums written (according to Germany's Commercial Code (*HGB*)). "At the same time, we have reached important milestones in the implementation of our Gothaer 2020 Group strategy: the digitization of our business model is progressing in all parts of the Company and new, more efficient structures and processes have been set in motion," says Eichmann.

#### Group premiums written, by segment



#### Digitization and strengthening of agility

Digitization continues to be a focus in the current year. In addition to a large number of initiatives in the product and service area and in advising customers, the Company is creating at Group level the conditions for success in the digital world. The spectrum ranges from the introduction of new structures and working methods to the restructuring of IT, the creation of new working environments all the way to further qualification and cultural change.

### **Solvency ratios further improved as per 31 December 2017**

"Thanks to good solvency ratios as per 30 September 2017, we have seen a further upward trend. Not only the recovery in interest rates, but also the successful transformation of Gothaer Leben and the stable solvency ratios of our core companies have contributed to the improvement in our equity situation," says Eichmann. The solvency value of the Group stood at 257% in the fourth quarter of 2017.

### **Gothaer Allgemeine: Transformation into a digital risk and service partner**

Gross premiums written by Gothaer Allgemeine Versicherung AG rose 5.8% to €1,822 million. The combined ratio, too, evolved along very positive lines. It was further reduced and, at 91.2%, is well below the market average. The underwriting result reached an all-time high of €145 million. In order to further strengthen competitiveness in the property/casualty area, the transformation of Gothaer Allgemeine into a digital risk and service partner was also initiated in 2017. "Additionally, Gothaer Allgemeine is repositioning itself as part of the Gothaer 2020 Group strategy. Internally, our main focus here is on leaner processes and faster decision-making and a good balance between growth and earnings. Externally, we want to inspire our customers with modular products, digital services and improved customer service. Here, we are also pursuing strategic cooperation schemes," explains Dr. Christopher Lohmann, Chairman of the Board of Gothaer Allgemeine Versicherung AG. The newly launched cyber insurance, the new product world for private customers rolled out on the market in February 2018 and Gothaer's loss tracker are important milestones on this path, as are cooperation schemes in the digital environment with Abus and Grohe or the start-ups hepster, getaway or EMIL.

### **Gothaer Leben: Trend reversal initiated**

Gross premiums written by Gothaer Lebensversicherung AG fell by 4.3% to €1,144 million in 2017. In new business, around 75% was attributable to the desired business areas of biometrics and capital-efficient old-age provision. "We have completed the difficult phase of the transformation of Gothaer Leben in 2017 and propose to generate growth again starting in 2018. With the successful launch of the new capital-efficient single-premium product Gothaer Index Protect in September 2017, we have initiated a trend reversal in new-business development. By the end of the year, we had already received cash inflows of around €50 million in this product," says a delighted Michael Kurtenbach, CEO of Gothaer Lebensversicherung AG.

This positive trend continued in the first quarter of 2018: gross premiums at Gothaer Leben increased 10% compared with the previous year, new business even by 40%. This growth is mainly fed by two channels: the new single-premium product and company pension plans. The first impetus from Germany's Act on Strengthening Company Pension Schemes (*BRSG*), which became effective on 1 January 2018, is already noticeable here.

### **Gothaer Kranken: Strong growth in company health insurance**

Gross premiums written by Gothaer Krankenversicherung AG, at €834 million, are 1.2% above the level of 2016. "Moreover, at growth of 23%, 2017 was the most successful year to date for our company health scheme. We want to expand our success in this segment in the coming years and at the same time push business with supplementary insurance once again," explains Oliver Schoeller, CEO of Gothaer

Krankenversicherung AG. The basis for this growth is the transformation of Gothaer Kranken from a benefit payer to a health-service provider with a multitude of digital offers for customers and intermediaries. The central platform for this approach is Gothaer's *GesundheitsApp* (health app), introduced in January 2018, in which Gothaer customers can access a large number of health programmes in addition to the digital submission of invoices and the digital doctor search. Here, the ecosystem is constantly being expanded. For instance, Gothaer Kranken, in cooperation with TeleClinic, will introduce telemedical services in July. This means that specialists can be consulted from the app at any time and easily by phone, video or chat.

### **Investment: Good investment results**

Overall, the Gothaer Group is delivering good investment results in a historically low interest-rate environment: the Group's net return under IFRS for the 2017 financial year was 4.5%. "In 2017, we further improved credit quality: the proportion of investments with an investment-grade rating rose significantly to 95.6% (previous year: 94.7%). Major changes in investments in 2017 were an increase in the diversification of interest-rate instruments and a reduction in government bonds from Italy and Spain. We have cut back on credit instruments. Against the background of low returns relative to the risk to be taken, we will continue to reduce riskier investments in the current year," sums up Harald Epple, CFO of the Gothaer Group.

**Please find a recording of the press conference from 14:00 hrs at [www.youtube.de/mygothaer](http://www.youtube.de/mygothaer).**

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