



ARAG awarded BaFin approval for its internal risk capital model

The Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority, BaFin) has approved and certified the internal risk capital model for the ARAG Group under Solvency II. "That makes our family enterprise one of only four insurance groups based in Germany that have successfully completed this very demanding process. We remain fully convinced that our internal model reflects the risk profile of our business model with the best possible accuracy," emphasizes ARAG Chairman and CEO Dr. Paul-Otto Faßbender. In view of the fact that legal insurance accounts for a proportionately large share of ARAG's insurance portfolio, full application of the standard model would have resulted in an unreasonably high capital requirement. "Thanks to a very timely and consistent approach, ARAG has positioned itself ideally within the framework of the Solvency II project. Our excellent standing in this area will contribute to further strengthening our competitive position," explains Dr. Paul-Otto Faßbender.

The ARAG Group began systematic preparations in anticipation of the new supervisory scheme under Solvency II years ago. The process of developing the internal risk model for the Group was initiated by the newly established board-level Risk Management/Controlling Department in 2009. The goal was to ensure that the model could be used for both risk management and capital allocation. The capital model as well as the processes and governance structures employed in its application have been reviewed by the BaFin over the past few years and have now been certified by the supervisory authority. The solvency ratio of the ARAG Group under Solvency II exceeds 200 percent, which means that the Group has more than sufficient capital backing.

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The **ARAG Group** is the largest family enterprise in the German insurance industry. ARAG has positioned itself as a versatile quality insurer. In addition to specializing in legal insurance, ARAG also offers its customers needs-based products and services from a single source through its strong subsidiaries in the German composite, health and life insurance segments as well as international branches, subsidiaries and affiliates in 14 other European countries and the U.S. – many of which hold leading positions in their respective legal insurance markets. With 3,700 employees, the Group generates revenue and premium income amounting to over 1.6 billion EUR.

ARAG SE ARAG Platz 1 · 40472 Düsseldorf **Chairman of the Supervisory Board** Gerd Peskes
Board of Management Dr. Paul-Otto Faßbender (Chairman) · Dr. Renko Dirksen · Dr. Johannes Kathan · Dr. Matthias Maslaton ·
Werner Nicoll · Hanno Petersen · Dr. Joerg Schwarze **Seat and court of registry** Düsseldorf · HRB 66846 · VAT ID.: DE 119 355 995