



**ARAG Allgemeine
Rechtsschutz-
Versicherungs-AG**
ARAG Platz 1
40472 Düsseldorf

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ARAG Group Doubles Earning in Spite of Crisis

Key data

ARAG AG (in million euros)	2009	+/-	2008
Gross premiums written	1,369.8	0.7%	1,361.0
Cost of claims for own account	909.6	5.8%	860.1
Claims ratio	67.0%	- 2.8% pts.	64.2%
Cost of insurance business for own account	451.2	2.3%	441.3
Cost ratio	33.3%	- 0.4% pts.	32.9%
Underwriting result for own account	18.1	-71.3%	63.1
Income from capital investments	200.4	93.4%	103.6
Income from normal business activity	46.4	110.9%	22.0
Net income before external portions	21.0	452.6%	3.8

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- Income from normal business activity doubles
- Group shows moderate but solid growth
- International business and health insurance continue to grow
- Cost of claims increases considerably due to crisis impact on consumers
- Outlook for 2010: stronger growth and continued good earnings situation

“The recession was an important milestone for the ARAG Group.

We were able to demonstrate that our internationally oriented business model can succeed even in extreme economic

situations,” declared Dr. Paul-Otto Faßbender, Chairman of the ARAG Board of Management, in explaining the development of the 2009 fiscal year at the Company’s balance sheet press conference.

Even in the crisis year 2009, the premiums of this family company grew by 0.7 percent from €1.36 billion to €1.37 billion. At the same time, the Group’s income from normal business activity expanded by a significant 110 percent, from €22.0 million to €46.6 million.

The greatly improved income from capital investments compensated for the decline in operational earnings. This decrease was primarily due to the increased number of claims relating to employment legal insurance.

“Legal insurance represented true crisis aid for European consumers last year. We are bound to honor our performance promise here.

Consequently, the decline in underwriting earnings is a part of our

Chairman of the Supervisory Board:
Gerd Peskes
Board of Management:
Dr. Paul-Otto Faßbender (Chair),
Dr. Johannes Kathan, Werner Nicoll,
Hanno Petersen, Dr. Joerg Schwarze
Seat and court of registry:
Düsseldorf, HRB 1371
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business,” stated Dr. Paul-Otto Faßbender. Due to the high cost of claims in the legal insurance segment, the cost of insurance claims increased in the fiscal year under review from € 860.1 million to € 909.6 million. The fast-growing health insurance business also posted a significantly greater cost of claims. The claims ratio increased correspondingly, from 64.2 percent to 67.0 percent. By contrast, ARAG succeeded in holding its cost ratio at 33.3 percent, virtually the same as the previous year’s 32.9 percent. The sustained improvement in cost structures resulted in a drop in administrative costs of around 3.3 percent, even though staff was added during the year under review. Overall, the Group achieved a significantly greater net profit after taxes compared to the previous year, € 21.0 million (previous year: € 3.8 million).

In the legal insurance business, the largest Group segment, ARAG kept premium revenues steady, with a gain of 0.2 percent, posting revenues of € 685.6 million as compared to € 684.6 for the previous year. The Group thus strengthened its position as the number two in the world legal insurance market. International legal insurance business increased by 3.1 percent, from € 367.2 million to € 378.5 million. Due to the greater numbers of claims, primarily in employment law – in both Germany and the international markets – the legal insurance claims ratio increased from 53.9 percent to 61.0 percent. At the end of fiscal 2009, ARAG’s Italian subsidiary assumed reinsurance of the entire legal insurance portfolio of UGF Assicurazioni. This cooperation took effect as of May 2010 and comprises a premium volume of around € 25 million.

In the German market, the health insurance business underscores its role as an important growth motor of the Group. In spite of the difficult general conditions, this segment once again achieved above-average premium gains of 9.2 percent (market average: 3.8 percent), expanding from € 233.9 million to € 255.4 million. The composite insurance segment managed by ARAG Allgemeine was the Group’s most important profit generator in the year under review, with earnings of € 28.1 million from normal business activity. ARAG Lebensversicherungs-AG succeeded in boosting new business in regular premium policies considerably compared to the industry trend. Adjusted for the previous fiscal year’s Riester effects, this new business increased by 14.6 percent, while the market overall posted a decrease of

7 percent. The main reason for this positive development was a marked resurgence in broker sales.

Outlook for the current 2010 fiscal year

In the first half of 2010, the ARAG Group's premium revenues will increase by 2.0 percent over the same period last year, from € 707 million to € 717 million. In the legal insurance segment, premium revenues are € 357.8 million, slightly ahead of the previous year's figure; the additional revenues from the UGF cooperation in Italy are not yet included here. Health insurance is once more standing out with a growth surge of 12.5 percent. At present, the Board of Management anticipates that this trend will gain momentum, so that by the end of the year the Group will be growing more strongly than in 2009. Under consideration of the declining charges from employment legal insurance since the start of the year, a good earning situation is once more anticipated.

"In all, we are looking at the current fiscal year with much greater optimism than at the beginning of the year," underscored Dr. Paul-Otto Faßbender. In addition to the excellent employees, the extremely modern, high-performance product portfolio and the opportunities existing in the international markets, the main reason he cited for this is *"the unmistakable identity from 75 years of Company history. ARAG acts on the basis of unshakeable principles and values. This gives our customers and employees the dependability of a successful family Company,"* said ARAG's majority shareholder.

The **ARAG Group** is the internationally recognized, independent partner for legal matters and protection. ARAG is the largest family company in the German insurance industry. With its 3,500 employees, the Group generates sales and premium revenues of over € 1.4 billion. Outside of Germany, ARAG is now actively serving customers in twelve European countries and the US. ARAG holds a leadership position in the US legal insurance market today. In addition, the Group is the market leader in Spain and Italy with its legal insurance products.