



ARAG SE sets the stage for the restructuring of the Management Board in 2020

The ARAG Group reports strong growth and earnings for Business Year 2018

Chairman and CEO of ARAG SE Dr. Dr. h. c. Paul-Otto Faßbender has notified the organization's Supervisory Board that he does not intend to extend his contract, which is set to end on 3 July 2020. The Supervisory Board has acceded to his wishes and immediately set the stage for a change in the personnel structure of the Management Board. The supervisory body has decided not to appoint a successor to Dr. Faßbender as Chairman of the Board of ARAG SE. A Speaker of the Management Board will moderate the future activities of the Management Board team. The Supervisory Board has entrusted Dr. Renko Dirksen (42) with this function effective 4 July 2020.

“After exactly 20 years as CEO of ARAG, the time has come for me to end my involvement in the management of the day-to-day operations,” explained Dr. Paul-Otto Faßbender at the ARAG Group’s Annual Press Conference. The 73-year-old entrepreneur added that his decision was made much easier by the Group’s excellent development in recent years. “I know that the operational management of the Group will be in good hands with the future Management Board.”

Now, he said, the objective must be to ensure the unbroken continuity demonstrated through the successful work of the experienced Management Board team. The Supervisory Board is certain that the Management Board of ARAG SE is very well staffed with strong personalities in charge of all corporate departments. Thus it is convinced that a Speaker of the Management Board would be best equipped to develop the respective strengths of the various Board members. Consequently, the Supervisory Board has appointed Dr. Renko Dirksen to the position of Speaker of the Management Board of ARAG SE. He will assume his duties in this capacity immediately following Dr. Paul-Otto Faßbender’s retirement from the Board in 2020.

Dr. Renko Dirksen joined the ARAG Group in 2005. He has been a member of the Board of ARAG SE since 2015 and heads the department Investment/Group Development/ Organization.

“I am very pleased that Dr. Renko Dirksen has decided to accept this appointment. He and the entire Board of ARAG SE have my unconditional trust. I will naturally continue to serve our Group as Chairman of the Board of ARAG Holding SE and above all as ARAG’s majority shareholder,” noted Dr. Paul-Otto Faßbender. He did not rule out a move to the Supervisory Board of ARAG SE.

These personnel changes are taking place against the background of exceptionally positive progress in the business performance of the ARAG Group, as was clearly underscored at the Annual Press Conference held at the ARAG Tower in Düsseldorf on 29 May 2019.



The ARAG Group reports impressive growth and strong earnings for Business Year 2018

The ARAG Group raised gross written premiums by 4.3 percent to € 1.65 billion in 2018. Total Group turnover – including revenue generated by ARAG service companies – rose to € 1.68 billion. Legal insurance, the Group's largest business segment and strongest growth driver, surpassed a significant milestone in 2018. Premium income rose by 7.0 percent to over one billion euros (€ 1,004.3 million; 2017: € 938.8 million). The underwriting result rose by more than one-third to € 97.4 million – a new record for the past ten years. At € 70.2 million, profit on ordinary activities remained at a satisfactory level.

The ARAG Group's German insurance business grew by 4.1 percent to € 981 million and thus clearly exceeded the market average (2.6 percent) once again. The German customer base expanded again by 3 percent. Premium income from self-contracted business in the German legal insurance segment rose ahead of the previous year's rate, increasing by a solid 7 percent from € 349.2 million to € 379.5 million. Growth in the composite segment slowed during the past fiscal year as a result of the entrepreneurial decision to discontinue large-scale contracts for special service packages issued by the Spanish branch. Total gross premium income in the segment decreased accordingly by 1.9 percent from € 281.0 million to € 275.7 million. Gross premium revenue from the composite insurance business in the competitive German market rose by 1.3 percent to € 209.6 million (2017: € 206.8 million). ARAG's health insurance segment continued its successful course, as premium income increased by a further 2.4 percent to € 373.7 million (2017: € 365,1 million). Premium income from ARAG's international insurance business – a segment of particular strategic importance – grew by 4.7 percent to € 672.6 million (2017: 642.2 million).

The Group's combined ratio declined once again, showing a slight improvement from 89.9 to 88.6 percent. Benefits totaling € 870.0 million were paid to policyholders in 2018 (2017: € 854.0). The Group claims ratio fell to 53,1 percent (2017: 54.4 percent), while the cost ratio (35.5 percent) remained stable at last year's level (35.6 percent). Group net income for the year improved by 25 percent from € 27.8 to € 34.7 million due to lower tax expenditures. Group equity capital rose from € 461.4 million to € 488.4 million.

Outlook for current business year 2019

The ARAG Group continues to show strong growth in 2019. The Group recorded a 5.8 year-to-year increase in premium income to € 502 million during the first quarter (Q1 2017: € 474 million). Premium income in the German market grew by 5.5 percent. The German legal insurance business also experienced a very strong start, with 7-percent growth in premium revenue. The Group's international business is also progressing very well. Premium income in the legal insurance markets outside of Germany rose by 8 percent during the first quarter. Italy, Scandinavia and the US obtained very good first-quarter results and exceeded all planning targets. "Our expectations for 2019 are optimistic. We expect the Group to continue on its evident growth course and continue to post strong earnings," emphasized Group Chairman and CEO Dr. Paul-Otto Faßbender. "We have full command of our



business and a very precise idea about how we intend to write the next chapters in our success story. We will continue our international expansion and participate fully in the digital transformation – to name only two of the issues I consider most important for the future.”

The Group launched a new phase of development with the ARAG Smart Insurer Program in 2018. With this initiative, ARAG is combining the many individual digital solutions that have already been developed by the Group within a single, unified strategic concept. To that end, all ARAG teams have designated 85 concrete measures for implementation within the framework of the ARAG Smart Insurer Program. At the turn of the year 2018/2019 the Group Management Board conducted two workshops for the purpose of reviewing, evaluating and prioritizing the plans submitted by all teams – both national and international. In the process, the Management Board consolidated all of these measures within seven central fields of action and developed an operational plan through which the Group is to become much more clearly customer-oriented. Ease, convenience, speed and the greatest possible transparency for the customer are the key terms that characterize the program and the entire development process. ARAG plans to invest € 80 million in this program over the next three years.

Printable photos of Dr. Paul-Otto Faßbender and Dr. Renko Dirksen can be downloaded at:

<https://www.arag.com/en/press/pressreleases/group/00507/>

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ARAG is the largest family-owned enterprise in the German insurance industry and has positioned itself as a versatile quality insurer. In addition to specializing in legal insurance, ARAG also offers its customers attractive, needs-based composite, health and retirement products and services from a single source in Germany. Active in 17 countries – including the US and Canada – ARAG is also represented by international branches, subsidiaries and shareholdings in numerous international markets in which it holds a leading position as a provider of legal insurance and legal services. With more than 4,100 employees, the Group generates revenue and premium income totaling around 1.7 billion EUR.

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