



## Extraordinary success for the ARAG Group in Business Year 2019

Stable premium rates expected in 2020 despite the impact of the COVID-19 crisis

### Key Business Figures

ARAG Holding SE (in million €)	2019	+/-	2018
Gross written premiums	1,763.5	6.6 %	1,653.7
Expenditures for insurance claims for own account	936.5	7.6 %	870.0
Claims ratio	53.5 %	0.4 % pts.	53.1 %
Costs of insurance business for own account	618.4	6.1 %	582.7
Cost ratio	35.3 %	- 0.2 % pts.	35.5 %
Underwriting result for own account	98.5	1.1 %	97.4
Income from capital investments	156.9	93.3 %	81.2
Profit on ordinary activities	119.9	70.7 %	70.2
Group net income	77.5	123.1 %	34.7

- **Strong growth in premium income for the ARAG Group at 6.6 percent in 2019**
- **4.7 percent premium income gain in Germany well above the market average**
- **Customer base in Germany expanded by 4 percent on balance**
- **Income from all international business up by more than 9 percent**
- **Profit on ordinary activities improved by 70 percent**
- **ARAG expects stable premium income in 2020 in spite of the COVID-19 crisis.**

"The ARAG Group looks back today on the most successful business year in its history. We achieved a marked improvement on the very good results of the preceding years. ARAG is positioned for sustained success," explained Dr. Paul-Otto Faßbender, Chairman of the Board of Management and majority shareholder of the ARAG Group, at the annual press conference. Due to the COVID-19 pandemic, this year's annual press conference was conducted by telephone. ARAG reported gross written premium income of € 1.76 billion as compared to € 1.65 billion in 2018. That amounts to a gain of € 110 million or 6.6 percent. Consolidated turnover - including revenue from ARAG service companies - came to € 1.79 billion. The underwriting result reached another ten-year high at € 98.5 million. Profit on ordinary activities rose sharply by 70.7 percent to € 119.9 million. With net after-tax income of € 77.5 million, ARAG achieved the best result in its history.

The Group's reported particularly dynamic growth in its international insurance business with a 9.5-percent increase in premium income. The German insurance business exceeded the market average once again with a 4.7-percent gain in premium revenue. Premium income in the German home market surpassed the one-billion euro mark (€ 1.02 billion) for the first time in the history of the ARAG Group. The number of policyholders in Germany rose on balance by 83,000 to 2.22 million. The Group's combined ratio of 88.7 percent remained at a very good level following the 88.6 percent reported last year. ARAG paid benefits totaling € 936.5 million to its policyholders in 2019. The Group claims ratio rose slightly to 53.5 percent (2018: 53.1 percent), while the cost ratio fell marginally – from 35.5 to 35.3 percent. With net income after taxes of € 77.5 million, ARAG posted the best result in its history. Thanks to this very good performance, Group equity capital increased by 14 percent to € 558.1 million.



A look at individual Group business segments reveals that legal insurance, as the largest segment, grew by 8.1 percent. Premium income rose by a solid 5.3 percent in Germany, and premium revenue from the international legal insurance business actually increased by 9.9 percent. The new, ultra-modern family of full-coverage policies spurred strong growth in production in the health insurance segment by the end of the year. Premium income for ARAG Health Insurance rose by 5.2 percent. The composite segment recorded a 3.4-percent gain in premiums.

### **Outlook for the current business year 2020**

The ARAG Group made a strong start in the new year in 2020. Premium income rose by a hefty 6.8 percent to € 536 million in the first quarter (Q1 2019; € 502 million). Premium revenue increased by 5.1 percent in Germany. The legal insurance business in Germany posted a very strong 5-percent gain in premium income, and health insurance revenue rose markedly by 7.8 percent. Outstanding results were also achieved at the international level, where growth came close to the 10-percent mark.

In view of the disruptions in capital markets resulting from the from COVID-19 crisis, the Management Board called attention to the importance of the business policy adopted in recent years. “Once again, we can be content with our Group’s conservative strategy today. We cannot predict how our business will progress for the remainder of the year. It is still much too early for a reliable assessment,” explained Dr. Renko Dirksen during the annual press conference. He will assume the position of Speaker of the Management Board for ARAG SE effective 4 July 2020. Dr. Paul-Otto Faßbender’s tenure as Chairman of the Management Board of ARAG SE will end as planned on that date.

According to Dr. Renko Dirksen, the original premium-income goal of € 1.84 billion set for 2020 will not be achievable due to the effects of the COVID-19 pandemic. Yet the Group is confident in its ability to keep premiums at a stable level in 2020. “Without the success achieved during the past few years, our Group would not be in such a strong position today,” the future Speaker of the Management Board for ARAG SE pointed out, adding that ARAG can expect to lose premium income and post much lower earnings in 2020. “ARAG will overcome these challenges thanks to its strong position. We will overcome them above all because our Group is backed by its very special ARAG spirit, which will not allow the successes of past years to be taken from us so quickly. Thus I look at the current year with confidence. Our position and our business model are solid, resilient and future-proof,” notes Dr. Renko Dirksen emphatically.



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**ARAG** is the largest family enterprise in the German insurance industry and has positioned itself as a versatile quality insurer. Besides legal insurance, it offers its customers in Germany its own unique needsbased products and services covering casualty and property insurance and health insurance. Active in 19 countries – including the US, Canada and Australia – 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 4,300 employees, the Group generates revenue and premium income totaling roughly € 1.8 billion.

**ARAG SE** ARAG Platz 1 · 40472 Düsseldorf **Chairman of the Supervisory Board** Gerd Peskes **Board of Management** Dr. Dr. h. c. Paul-Otto Faßbender (Chairman.) · Dr. Renko Dirksen · Dr. Matthias Maslaton · Wolfgang Mathman · Hanno Petersen · Dr. Joerg Schwarze · Dr. Werenfried Wendler  
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